



ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2018
OF THE CONDITION AND AFFAIRS OF THE

HAP Midwest Health Plan, Inc.

(Name)

NAIC Group Code 1311 (Current Period) , 1311 (Prior Period) NAIC Company Code 95814 Employer's ID Number 38-3123777

Organized under the Laws of Michigan , State of Domicile or Port of Entry Michigan

Country of Domicile United States

Licensed as business type: Life, Accident & Health [] Property/Casualty [] Hospital, Medical & Dental Service or Indemnity []
Dental Service Corporation [] Vision Service Corporation [] Health Maintenance Organization [X]
Other [] Is HMO, Federally Qualified? Yes [] No []

Incorporated/Organized 01/01/1994 Commenced Business 01/01/1994

Statutory Home Office 2850 West Grand Blvd (Street and Number) , Detroit, MI, US 48202 (City or Town, State, Country and Zip Code)

Main Administrative Office 2850 West Grand Blvd (Street and Number)

Detroit, MI, US 48202 (City or Town, State, Country and Zip Code) 888-654-2200 (Area Code) (Telephone Number)

Mail Address PO Box 2578 (Street and Number or P.O. Box) , Detroit, MI, US 48202 (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 2850 West Grand Blvd (Street and Number)

Detroit, MI, US 48202 (City or Town, State, Country and Zip Code) 888-654-2200 (Area Code) (Telephone Number) (Extension)

Internet Web Site Address www.Hap.org\midwest

Statutory Statement Contact Dianna L. Ronan CPA (Name) , 248-443-1093 (Area Code) (Telephone Number) (Extension)

dronan@hap.org (E-Mail Address) 248-443-8610 (Fax Number)

OFFICERS

Name	Title	Name	Title
Michael Allen Genord MD	President	Richard Evan Swift	Treasurer
Michelle Denise Johnson Tidjani Esq. #	Secretary	Teresa Lynn Kline	Chairman

OTHER OFFICERS

William Robert Barnes #	Assistant Secretary		

DIRECTORS OR TRUSTEES

Michael Allen Genord MD	Richard Evan Swift	Teresa Lynn Kline	Kenneth Michael Treash #

State of Michigan

County of Wayne

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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Michael Allen Genord MD
President

Richard Evan Swift
Treasurer

William Robert Barnes
Assistant Secretary

Subscribed and sworn to before me this
day of ,

- a. Is this an original filing? Yes [X] No []
b. If no:
1. State the amendment number
2. Date filed
3. Number of pages attached

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	.0		.0	.0
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks .....	.0		.0	.0
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			.0	.0
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ encumbrances) .....			.0	.0
5. Cash (\$3,233,327 , Schedule E-Part 1), cash equivalents (\$32,784,835 , Schedule E-Part 2) and short-term investments (\$1,025,000 , Schedule DA).....	37,043,161		37,043,161	45,601,627
6. Contract loans (including \$ premium notes).....			.0	.0
7. Derivatives (Schedule DB).....	.0		.0	.0
8. Other invested assets (Schedule BA) .....	.0		.0	.0
9. Receivables for securities .....			.0	.0
10. Securities lending reinvested collateral assets (Schedule DL).....			.0	.0
11. Aggregate write-ins for invested assets .....	.0	.0	.0	.0
12. Subtotals, cash and invested assets (Lines 1 to 11)	37,043,161	.0	37,043,161	45,601,627
13. Title plants less \$ charged off (for Title insurers only).....			.0	.0
14. Investment income due and accrued	184,488		184,488	43,016
15. Premiums and considerations:				
15.1 Uncollected premiums and agents' balances in the course of collection	9,249,911		9,249,911	4,370,776
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$ earned but unbilled premiums).....			.0	.0
15.3 Accrued retrospective premiums (\$) and contracts subject to redetermination (\$ ..... ) .....			.0	.0
16. Reinsurance:				
16.1 Amounts recoverable from reinsurers	2,877,149		2,877,149	1,201,632
16.2 Funds held by or deposited with reinsured companies .....			.0	.0
16.3 Other amounts receivable under reinsurance contracts .....			.0	.0
17. Amounts receivable relating to uninsured plans .....			.0	.0
18.1 Current federal and foreign income tax recoverable and interest thereon	3,273,378		3,273,378	11,409
18.2 Net deferred tax asset.....	891,417	160,260	731,157	741,063
19. Guaranty funds receivable or on deposit .....			.0	.0
20. Electronic data processing equipment and software.....	49,104		49,104	176,441
21. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			.0	.0
22. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
23. Receivables from parent, subsidiaries and affiliates .....			.0	.0
24. Health care (\$1,687,297) and other amounts receivable.....	1,687,297		1,687,297	1,838,013
25. Aggregate write-ins for other-than-invested assets	683,140	77,410	605,730	840,319
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	55,939,044	237,670	55,701,374	54,824,296
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	.0
28. Total (Lines 26 and 27)	55,939,044	237,670	55,701,374	54,824,296
DETAILS OF WRITE-INS				
1101.				
1102.				
1103.				
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above) .....	.0	.0	.0	.0
2501. Prepaid Assets.....	77,410	77,410	.0	.0
2502. Michigan Income Tax Refund Due.....	605,730		605,730	840,319
2503. ....			.0	.0
2598. Summary of remaining write-ins for Line 25 from overflow page .....	.0	.0	.0	.0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	683,140	77,410	605,730	840,319

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	17,576,181		17,576,181	20,497,120
2. Accrued medical incentive pool and bonus amounts	2,350,478		2,350,478	561,050
3. Unpaid claims adjustment expenses	625,000		625,000	625,000
4. Aggregate health policy reserves, including the liability of \$ 1,578,211 for medical loss ratio rebate per the Public Health Service Act	4,063,211		4,063,211	3,900,211
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance	18,079		18,079	67,288
9. General expenses due or accrued	606,636		606,636	1,517,655
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	107,370
13. Remittances and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	9,472,537		9,472,537	1,086,856
16. Derivatives		0	0	0
17. Payable for securities			0	0
18. Payable for securities lending			0	0
19. Funds held under reinsurance treaties (with \$ authorized reinsurers, \$ unauthorized reinsurers and \$ certified reinsurers)			0	0
20. Reinsurance in unauthorized and certified (\$) companies			0	0
21. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
22. Liability for amounts held under uninsured plans			0	0
23. Aggregate write-ins for other liabilities (including \$ current)	0	0	0	0
24. Total liabilities (Lines 1 to 23)	34,712,121	0	34,712,121	28,362,550
25. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
26. Common capital stock	XXX	XXX		0
27. Preferred capital stock	XXX	XXX		0
28. Gross paid in and contributed surplus	XXX	XXX		0
29. Surplus notes	XXX	XXX		0
30. Aggregate write-ins for other-than-special surplus funds	XXX	XXX	0	0
31. Unassigned funds (surplus)	XXX	XXX	20,989,254	26,461,746
32. Less treasury stock, at cost: 32.1 shares common (value included in Line 26 \$)	XXX	XXX		0
32.2 shares preferred (value included in Line 27 \$)	XXX	XXX		0
33. Total capital and surplus (Lines 25 to 31 minus Line 32)	XXX	XXX	20,989,254	26,461,746
34. Total liabilities, capital and surplus (Lines 24 and 33)	XXX	XXX	55,701,374	54,824,296
DETAILS OF WRITE-INS				
2301.			0	0
2302.			0	0
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	0	0	0	0
2501.	XXX	XXX		0
2502.	XXX	XXX		
2503.	XXX	XXX		
2598. Summary of remaining write-ins for Line 25 from overflow page	XXX	XXX	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	XXX	XXX	0	0
3001.	XXX	XXX		
3002.	XXX	XXX		
3003.	XXX	XXX		
3098. Summary of remaining write-ins for Line 30 from overflow page	XXX	XXX	0	0
3099. Totals (Lines 3001 through 3003 plus 3098) (Line 30 above)	XXX	XXX	0	0

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	92,386	98,573
2. Net premium income (including \$0 non-health premium income).....	XXX	115,644,378	115,390,447
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	(37,549)	(27,915)
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	115,606,830	115,362,532
Hospital and Medical:			
9. Hospital/medical benefits		37,293,587	40,271,976
10. Other professional services		48,708,383	43,223,888
11. Outside referrals		91,376	59,785
12. Emergency room and out-of-area		4,257,846	6,329,073
13. Prescription drugs		9,358,065	4,296,138
14. Aggregate write-ins for other hospital and medical	0	163,000	0
15. Incentive pool, withhold adjustments and bonus amounts.....		114,000	123,000
16. Subtotal (Lines 9 to 15)	0	99,986,257	94,303,860
Less:			
17. Net reinsurance recoveries		2,162,864	1,200,102
18. Total hospital and medical (Lines 16 minus 17)	0	97,823,393	93,103,758
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$1,751,004 cost containment expenses.....		4,188,205	3,378,126
21. General administrative expenses.....		23,001,015	14,510,439
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	2,322,000
23. Total underwriting deductions (Lines 18 through 22)	0	125,012,613	113,314,323
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(9,405,784)	2,048,209
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		858,094	285,399
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	858,094	285,399
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]		0	0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	(8,547,690)	2,333,608
31. Federal and foreign income taxes incurred	XXX	(3,136,969)	561,067
32. Net income (loss) (Lines 30 minus 31)	XXX	(5,410,721)	1,772,541
DETAILS OF WRITE-INS			
0601.	XXX		0
0602.	XXX		0
0603. Child & Adolescent Health Center Fee.....	XXX	(37,549)	(27,915)
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	(37,549)	(27,915)
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401. Premium Deficiency Reserve Released.....		163,000	
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	163,000	0
2901. Membership Transfer Gain.....			0
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

STATEMENT OF REVENUE AND EXPENSES (Continued)

	1 Current Year	2 Prior Year
CAPITAL & SURPLUS ACCOUNT		
33. Capital and surplus prior reporting year	26,461,746	24,311,737
34. Net income or (loss) from Line 32	(5,410,721)	1,772,541
35. Change in valuation basis of aggregate policy and claim reserves		0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$		0
37. Change in net unrealized foreign exchange capital gain or (loss)		0
38. Change in net deferred income tax	(57,592)	(1,256,560)
39. Change in nonadmitted assets	(5,931)	1,634,028
40. Change in unauthorized and certified reinsurance	0	0
41. Change in treasury stock	0	0
42. Change in surplus notes	0	0
43. Cumulative effect of changes in accounting principles		0
44. Capital Changes:		
44.1 Paid in	0	(186,230)
44.2 Transferred from surplus (Stock Dividend)		0
44.3 Transferred to surplus		186,230
45. Surplus adjustments:		
45.1 Paid in	0	(33,770)
45.2 Transferred to capital (Stock Dividend)	0	0
45.3 Transferred from capital		33,770
46. Dividends to stockholders		0
47. Aggregate write-ins for gains or (losses) in surplus	1,752	0
48. Net change in capital and surplus (Lines 34 to 47)	(5,472,492)	2,150,009
49. Capital and surplus end of reporting year (Line 33 plus 48)	20,989,254	26,461,746
DETAILS OF WRITE-INS		
4701. Correction of Immaterial Error.....	1,752	0
4702.		0
4703.		0
4798. Summary of remaining write-ins for Line 47 from overflow page	0	0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	1,752	0

CASH FLOW

Cash from Operations		1 Current Year	2 Prior Year
1. Premiums collected net of reinsurance		110,716,034	108,616,548
2. Net investment income		716,621	263,760
3. Miscellaneous income		(37,549)	(27,915)
4. Total (Lines 1 through 3)		111,395,107	108,852,393
5. Benefit and loss related payments		98,954,904	100,373,597
6. Net transfers to Separate Accounts, Segregated Accounts and Protected Cell Accounts			0
7. Commissions, expenses paid and aggregate write-ins for deductions		28,100,239	17,485,080
8. Dividends paid to policyholders			0
9. Federal and foreign income taxes paid (recovered) net of \$ tax on capital gains (losses)		(3,136,969)	0
10. Total (Lines 5 through 9)		123,918,174	117,858,677
11. Net cash from operations (Line 4 minus Line 10)		(12,523,067)	(9,006,284)
Cash from Investments			
12. Proceeds from investments sold, matured or repaid:			
12.1 Bonds		1,025,000	1,025,000
12.2 Stocks		0	0
12.3 Mortgage loans		0	0
12.4 Real estate		0	0
12.5 Other invested assets		0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments		0	0
12.7 Miscellaneous proceeds		0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)		1,025,000	1,025,000
13. Cost of investments acquired (long-term only):			
13.1 Bonds		1,014,950	0
13.2 Stocks		0	0
13.3 Mortgage loans		0	0
13.4 Real estate		0	0
13.5 Other invested assets		0	0
13.6 Miscellaneous applications		0	0
13.7 Total investments acquired (Lines 13.1 to 13.6)		1,014,950	0
14. Net increase (decrease) in contract loans and premium notes		0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 minus Line 14)		10,050	1,025,000
Cash from Financing and Miscellaneous Sources			
16. Cash provided (applied):			
16.1 Surplus notes, capital notes		0	0
16.2 Capital and paid in surplus, less treasury stock		0	0
16.3 Borrowed funds		0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities			0
16.5 Dividends to stockholders		0	0
16.6 Other cash provided (applied)		3,954,551	(19,075,885)
17. Net cash from financing and miscellaneous sources (Lines 16.1 to 16.4 minus Line 16.5 plus Line 16.6)		3,954,551	(19,075,885)
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS			
18. Net change in cash, cash equivalents and short-term investments (Line 11, plus Lines 15 and 17)		(8,558,466)	(27,057,169)
19. Cash, cash equivalents and short-term investments:			
19.1 Beginning of year		45,601,627	72,658,796
19.2 End of year (Line 18 plus Line 19.1)		37,043,161	45,601,627

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HAP Midwest Health Plan, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Net premium income	115,644,378	0	0	0	0	0	106,055,654	9,588,724	0	0
2. Change in unearned premium reserves and reserve for rate credit	0									
3. Fee-for-service (net of \$ medical expenses)	0									XXX
4. Risk revenue.....	0									XXX
5. Aggregate write-ins for other health care related revenues.....	(37,549)	0	0	0	0	0	0	(37,549)	0	XXX
6. Aggregate write-ins for other non-health care related revenues	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
7. Total revenues (Lines 1 to 6)	115,606,830	0	0	0	0	0	106,055,654	9,551,175	0	0
8. Hospital/medical benefits	37,293,587						33,004,463	4,289,124		XXX
9. Other professional services	48,708,383						47,492,218	1,216,165		XXX
10. Outside referrals	91,376						85,071	6,304		XXX
11. Emergency room and out-of-area	4,257,846						3,535,937	721,909		XXX
12. Prescription drugs	9,358,065						8,487,962	870,103		XXX
13. Aggregate write-ins for other hospital and medical.....	163,000	0	0	0	0	0	163,000	0	0	XXX
14. Incentive pool, withhold adjustments and bonus amounts.....	114,000						18,000	96,000		XXX
15. Subtotal (Lines 8 to 14)	99,986,257	0	0	0	0	0	92,786,652	7,199,605	0	XXX
16. Net reinsurance recoveries	2,162,864						2,108,223	54,640		XXX
17. Total hospital and medical (Lines 15 minus 16)	97,823,393	0	0	0	0	0	90,678,429	7,144,965	0	XXX
18. Non-health claims (net)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
19. Claims adjustment expenses including \$1,751,004 cost containment expenses.....	4,188,205						3,350,564	837,641		
20. General administrative expenses	23,001,015						18,400,812	4,600,203		
21. Increase in reserves for accident and health contracts	0									XXX
22. Increase in reserves for life contracts.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
23. Total underwriting deductions (Lines 17 to 22)	125,012,613	0	0	0	0	0	112,429,805	12,582,809	0	0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(9,405,784)	0	0	0	0	0	(6,374,150)	(3,031,634)	0	0
DETAILS OF WRITE-INS										
0501. Child & Adolescent Health Center Fee.....	(37,549)							(37,549)		XXX
0502.										XXX
0503.										XXX
0598. Summary of remaining write-ins for Line 5 from overflow page.....	0	0	0	0	0	0	0	0	0	XXX
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	(37,549)	0	0	0	0	0	0	(37,549)	0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	0
1301. Change in PDR.....	163,000						163,000			XXX
1302.										XXX
1303.										XXX
1398. Summary of remaining write-ins for Line 13 from overflow page	0	0	0	0	0	0	0	0	0	XXX
1399. Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	163,000	0	0	0	0	0	163,000	0	0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.0
2. Medicare Supplement .....				.0
3. Dental only.....				.0
4. Vision only.....				.0
5. Federal Employees Health Benefits Plan .....				.0
6. Title XVIII - Medicare	106,868,625		812,971	106,055,654
7. Title XIX - Medicaid.....	9,689,134		100,410	9,588,724
8. Other health.....				.0
9. Health subtotal (Lines 1 through 8)	116,557,759	.0	913,381	115,644,378
10. Life .....				.0
11. Property/casualty.....				.0
12. Totals (Lines 9 to 11)	116,557,759	0	913,381	115,644,378

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HAP Midwest Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 – CLAIMS INCURRED DURING THE YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non- Health
1. Payments during the year:										
1.1 Direct	102,155,133						94,706,035	7,449,098		
1.2 Reinsurance assumed	0									
1.3 Reinsurance ceded	0									
1.4 Net	102,155,133	0	0	0	0	0	94,706,035	7,449,098	0	0
2. Paid medical incentive pools and bonuses	52,985						22,058	30,927		
3. Claim liability December 31, current year from Part 2A:										
3.1 Direct	17,576,181	0	0	0	0	0	15,175,368	2,400,813	0	0
3.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
3.4 Net	17,576,181	0	0	0	0	0	15,175,368	2,400,813	0	0
4. Claim reserve December 31, current year from Part 2D:										
4.1 Direct	0									
4.2 Reinsurance assumed	0									
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	2,350,478						2,174,897	175,581		
6. Net healthcare receivables (a).....	(638,063)						(626,804)	(11,258)		
7. Amounts recoverable from reinsurers December 31, current year	2,877,149						2,605,040	272,109		
8. Claim liability December 31, prior year from Part 2A:										
8.1 Direct	20,497,120	0	0	0	0	0	17,739,555	2,757,565	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
8.4 Net	20,497,120	0	0	0	0	0	17,739,555	2,757,565	0	0
9. Claim reserve December 31, prior year from Part 2D:										
9.1 Direct	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	561,050	0	0	0	0	0	467,370	93,680	0	0
11. Amounts recoverable from reinsurers December 31, prior year	2,839,032	0	0	0	0	0	2,638,391	200,641	0	0
12. Incurred benefits:										
12.1 Direct	99,872,257	0	0	0	0	0	92,768,652	7,103,605	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	38,117	0	0	0	0	0	(33,351)	71,468	0	0
12.4 Net	99,834,140	0	0	0	0	0	92,802,003	7,032,137	0	0
13. Incurred medical incentive pools and bonuses	1,842,413	0	0	0	0	0	1,729,586	112,828	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2A - CLAIMS LIABILITY END OF CURRENT YEAR

	1	2	3	4	5	6	7	8	9	10
	Total	Comprehensive (Hospital and Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Other Health	Other Non-Health
1. Reported in Process of Adjustment:										
1.1. Direct	2,197,266						1,152,634	1,044,632		
1.2. Reinsurance assumed	0									
1.3. Reinsurance ceded	0									
1.4. Net	2,197,266	0	0	0	0	0	1,152,634	1,044,632	0	0
2. Incurred but Unreported:										
2.1. Direct	15,378,915						14,022,734	1,356,181		
2.2. Reinsurance assumed	0									
2.3. Reinsurance ceded	0									
2.4. Net	15,378,915	0	0	0	0	0	14,022,734	1,356,181	0	0
3. Amounts Withheld from Paid Claims and Capitations:										
3.1. Direct	0									
3.2. Reinsurance assumed	0									
3.3. Reinsurance ceded	0									
3.4. Net	0	0	0	0	0	0	0	0	0	0
4. TOTALS:										
4.1. Direct	17,576,181	0	0	0	0	0	15,175,368	2,400,813	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0
4.4. Net	17,576,181	0	0	0	0	0	15,175,368	2,400,813	0	0

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR-NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability December 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only.....					0	0
4. Vision Only.....					0	0
5. Federal Employees Health Benefits Plan					0	0
6. Title XVIII - Medicare	14,471,993	77,038,906	229,561	14,945,807	14,701,554	17,739,554
7. Title XIX - Medicaid.....	1,650,999	5,740,022	841,567	1,559,246	2,492,566	2,757,566
8. Other health					0	0
9. Health subtotal (Lines 1 to 8).....	16,122,992	82,778,928	1,071,128	16,505,053	17,194,120	20,497,120
10. Healthcare receivables (a).....					0	0
11. Other non-health.....					0	0
12. Medical incentive pools and bonus amounts	52,986		508,065	1,842,412	561,051	561,051
13. Totals (Lines 9-10+11+12)	16,175,977	82,778,928	1,579,194	18,347,465	17,755,171	21,058,171

(a) Excludes \$ loans or advances to providers not yet expensed.

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HAP Midwest Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A – Paid Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	1,177	1,177	1,177	1,177	1,177
2. 2014	1,500	1,707	1,707	1,707	1,707
3. 2015	XXX	1,992	1,992	1,992	1,992
4. 2016	XXX	XXX	.0	.0	
5. 2017	XXX	XXX	XXX	.0	
6. 2018	XXX	XXX	XXX	XXX	

Section B – Incurred Health Claims - Hospital and Medical

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	1,188	1,178	1,177	1,177	1,177
2. 2014	1,916	1,725	1,707	1,707	1,707
3. 2015	XXX	2,496	1,992	1,992	1,992
4. 2016	XXX	XXX	.0	.0	
5. 2017	XXX	XXX	XXX	.0	
6. 2018	XXX	XXX	XXX	XXX	

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Hospital and Medical

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014.....	3,246	1,707		0.0	1,707	52.6			1,707	52.6
2. 2015.....	3,351	1,992		0.0	1,992	59.4			1,992	59.4
3. 2016.....	.0	.0		0.0	.0	0.0			.0	0.0
4. 2017.....	.0	.0		0.0	.0	0.0			.0	0.0
5. 2018		0		0.0	0	0.0			0	0.0

Pt 2C - Sn A - Paid Claims - MS

NONE

Pt 2C - Sn A - Paid Claims - DO

NONE

Pt 2C - Sn A - Paid Claims - VO

NONE

Pt 2C - Sn A - Paid Claims - FE

NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	15,051	15,051	15,051	15,051	15,051
2. 2014	10,086	11,800	11,800	11,800	11,800
3. 2015	XXX	33,882	33,882	36,058	36,058
4. 2016	XXX	XXX	47,108	61,544	63,941
5. 2017	XXX	XXX	XXX	72,865	84,962
6. 2018	XXX	XXX	XXX	XXX	77,039

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	15,172	15,051	15,051	15,051	15,051
2. 2014	12,540	11,861	11,800	11,800	11,800
3. 2015	XXX	49,591	33,882	36,044	36,044
4. 2016	XXX	XXX	47,108	63,371	66,122
5. 2017	XXX	XXX	XXX	73,118	85,488
6. 2018	XXX	XXX	XXX	XXX	75,114

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014.....	12,741	11,800		0.0	11,800	92.6			11,800	92.6
2. 2015.....	54,709	36,058		0.0	36,058	65.9			36,058	65.9
3. 2016.....	82,256	63,941		0.0	63,941	77.7			63,941	77.7
4. 2017.....	104,883	84,962		0.0	84,962	81.0	627	20	85,609	81.6
5. 2018	106,056	77,039		0.0	77,039	72.6	15,978	501	93,518	88.2

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	513,591	513,839	513,839	513,839	513,839
2. 2014	247,011	284,691	284,691	284,691	284,691
3. 2015	XXX	305,375	305,375	305,631	305,631
4. 2016	XXX	XXX	22,284	23,829	24,082
5. 2017	XXX	XXX	XXX	8,714	10,143
6. 2018	XXX	XXX	XXX	XXX	5,740

Section B – Incurred Health Claims - Title XIX Medicaid

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	(421,339)	513,839	513,839	513,839	513,839
2. 2014	295,604	285,040	284,691	284,691	284,691
3. 2015	XXX	365,766	305,375	303,679	303,679
4. 2016	XXX	XXX	22,284	22,775	23,172
5. 2017	XXX	XXX	XXX	2,767	5,004
6. 2018	XXX	XXX	XXX	XXX	4,955

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014.....	367,509	284,691		0.0	284,691	77.5			284,691	77.5
2. 2015.....	446,842	305,631		0.0	305,631	68.4			305,631	68.4
3. 2016.....	36,198	24,082		0.0	24,082	66.5			24,082	66.5
4. 2017.....	10,507	10,143		0.0	10,143	96.5	952	30	11,124	105.9
5. 2018	9,589	5,740		0.0	5,740	59.9	2,369	74	8,183	85.3

ANNUAL STATEMENT FOR THE YEAR 2018 OF THE HAP Midwest Health Plan, Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(\$000 Omitted)

Section A - Paid Health Claims - Grand Total

Year in Which Losses Were Incurred	Cumulative Net Amounts Paid				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	529,819	530,067	530,067	530,067	530,067
2. 2014	258,597	298,198	298,198	298,198	298,198
3. 2015	XXX	341,249	341,249	343,681	343,681
4. 2016	XXX	XXX	69,392	85,373	88,023
5. 2017	XXX	XXX	XXX	81,579	95,105
6. 2018	XXX	XXX	XXX	XXX	82,779

Section B - Incurred Health Claims - Grand Total

Year in Which Losses Were Incurred	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2014	2 2015	3 2016	4 2017	5 2018
1. Prior	(404,979)	530,068	530,067	530,067	530,067
2. 2014	310,060	298,626	298,198	298,198	298,198
3. 2015	XXX	417,853	341,249	341,715	341,715
4. 2016	XXX	XXX	69,392	86,146	89,294
5. 2017	XXX	XXX	XXX	75,885	90,492
6. 2018	XXX	XXX	XXX	XXX	80,068

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 (Col. 3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 (Col. 5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 (Col. 9/1) Percent
1. 2014	383,496	298,198	0	0.0	298,198	77.8	0	0	298,198	77.8
2. 2015	504,902	343,681	0	0.0	343,681	68.1	0	0	343,681	68.1
3. 2016	118,454	88,023	0	0.0	88,023	74.3	0	0	88,023	74.3
4. 2017	115,390	95,105	0	0.0	95,105	82.4	1,579	50	96,734	83.8
5. 2018	115,644	82,779	0	0.0	82,779	71.6	18,347	575	101,702	87.9

Pt 2C - Sn B - Incurred Claims - MS

NONE

Pt 2C - Sn B - Incurred Claims - DO

NONE

Pt 2C - Sn B - Incurred Claims - VO

NONE

Pt 2C - Sn B - Incurred Claims - FE

NONE

Part 2C - Sn C - Claims Expense Ratio MS

NONE

Part 2C - Sn C - Claims Expense Ratio DO

NONE

Part 2C - Sn C - Claims Expense Ratio VO

NONE

Part 2C - Sn C - Claims Expense Ratio FE

NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
1. Unearned premium reserves.....	.0								
2. Additional policy reserves (a).....	2,485,000					2,287,283	197,717		
3. Reserve for future contingent benefits.....	.0								
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	1,578,211					1,578,211			
5. Aggregate write-ins for other policy reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (gross)	4,063,211	.0	.0	.0	.0	3,865,494	197,717	.0	.0
7. Reinsurance ceded .....	.0								
8. Totals (Net) (Page 3, Line 4)	4,063,211	0	0	0	0	3,865,494	197,717	0	0
9. Present value of amounts not yet due on claims .....	.0								
10. Reserve for future contingent benefits .....	.0								
11. Aggregate write-ins for other claim reserves .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (gross) .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded .....	.0								
14. Totals (Net) (Page 3, Line 7)	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	0	0	0	0	0	0	0	0	0
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page .....	.0	.0	.0	.0	.0	.0	.0	.0	.0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0	0	0	0	0	0	0

(a) Includes \$2,485,000 premium deficiency reserve.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building)		99,582	211,611		311,192
2. Salaries, wages and other benefits	38,962	1,948	153,900		194,811
3. Commissions (less \$ceded plus \$assumed)					0
4. Legal fees and expenses					0
5. Certifications and accreditation fees					0
6. Auditing, actuarial and other consulting services		161,176	483,527		644,703
7. Traveling expenses	177		1,431		1,608
8. Marketing and advertising	13,852		447,886		461,738
9. Postage, express and telephone		16,170	48,509		64,678
10. Printing and office supplies		65,713	219,997		285,710
11. Occupancy, depreciation and amortization					0
12. Equipment	857	2,856	24,845		28,558
13. Cost or depreciation of EDP equipment and software		81,046	594,338		675,384
14. Outsourced services including EDP, claims, and other services	1,697,156	1,991,977	21,229,018		24,918,151
15. Boards, bureaus and association fees		13,321	107,782		121,103
16. Insurance, except on real estate		3,413	13,650		17,063
17. Collection and bank service charges				18,438	18,438
18. Group service and administration fees					0
19. Reimbursements by uninsured plans					0
20. Reimbursements from fiscal intermediaries					0
21. Real estate expenses					0
22. Real estate taxes			27,554		27,554
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes			(563,033)		(563,033)
23.2 State premium taxes					0
23.3 Regulatory authority licenses and fees					0
23.4 Payroll taxes					0
23.5 Other (excluding federal income and real estate taxes)					0
24. Investment expenses not included elsewhere					0
25. Aggregate write-ins for expenses	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25)	1,751,004	2,437,201	23,001,015	18,438	(a) 27,207,658
27. Less expenses unpaid December 31, current year		625,000	606,636		1,231,636
28. Add expenses unpaid December 31, prior year	0	625,000	1,517,655	0	2,142,655
29. Amounts receivable relating to uninsured plans, prior year	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	1,751,004	2,437,201	23,912,034	18,438	28,118,677
DETAILS OF WRITE-INS					
2501.					0
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598) (Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$20,785,779 to affiliates and \$to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a).....	.....
1.1	Bonds exempt from U.S. tax	(a).....	.....
1.2	Other bonds (unaffiliated)	(a).....	.....
1.3	Bonds of affiliates	(a).....0	.....
2.1	Preferred stocks (unaffiliated)	(b).....0	.....
2.11	Preferred stocks of affiliates	(b).....0	.....
2.2	Common stocks (unaffiliated) .....	.....0	.....
2.21	Common stocks of affiliates .....	.....0	.....
3.	Mortgage loans	(c).....	.....
4.	Real estate	(d).....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e).....617,086	.....876,532
7.	Derivative instruments	(f).....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	617,086	876,532
11.	Investment expenses		(g).....18,438
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g).....
13.	Interest expense		(h).....
14.	Depreciation on real estate and other invested assets		(i).....
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total deductions (Lines 11 through 15) .....		.....18,438
17.	Net investment income (Line 10 minus Line 16)		858,094
DETAILS OF WRITE-INS			
0901.	.....	
0902.	.....	
0903.	.....	
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Totals (Lines 1501 through 1503 plus 1598) (Line 15 above)		0

(a) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$0 paid for accrued dividends on purchases.
(c) Includes \$0 accrual of discount less \$0 amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$1,571 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Total Realized Capital Gain (Loss) (Columns 1 + 2)	Change in Unrealized Capital Gain (Loss)	Change in Unrealized Foreign Exchange Capital Gain (Loss)
1.	U.S. Government bonds .....			.....0	.....	.....
1.1	Bonds exempt from U.S. tax .....			.....0	.....	.....
1.2	Other bonds (unaffiliated) .....			.....0	.....	.....
1.3	Bonds of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.1	Preferred stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.11	Preferred stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
2.2	Common stocks (unaffiliated) .....	.....0	.....0	.....0	.....0	.....0
2.21	Common stocks of affiliates .....	.....0	.....0	.....0	.....0	.....0
3.	Mortgage loans .....	.....0	.....0	.....0	.....0	.....0
4.	Real estate .....	.....0	.....0	.....0	.....	.....0
5.	Contract loans .....			.....0	.....	.....
6.	Cash, cash equivalents and short-term investments .....			.....0	.....0	.....0
7.	Derivative instruments .....			.....0	.....	.....
8.	Other invested assets .....	.....0	.....0	.....0	.....0	.....0
9.	Aggregate write-ins for capital gains (losses) .....	.....0	.....0	.....0	.....0	.....0
10.	Total capital gains (losses)	0	0	0	0	0
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0	.....0	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	0	0	0	0	0

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Total Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash (Schedule E-Part 1), cash equivalents (Schedule E-Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Derivatives (Schedule DB).....	0	0	0
8. Other invested assets (Schedule BA)	0	0	0
9. Receivables for securities	0	0	0
10. Securities lending reinvested collateral assets (Schedule DL).....	0	0	0
11. Aggregate write-ins for invested assets	0	0	0
12. Subtotals, cash and invested assets (Lines 1 to 11)	0	0	0
13. Title plants (for Title insurers only).....	0	0	0
14. Investment income due and accrued	0	0	0
15. Premiums and considerations:			
15.1 Uncollected premiums and agents' balances in the course of collection.....	0	0	0
15.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
15.3 Accrued retrospective premiums and contracts subject to redetermination	0	0	0
16. Reinsurance:			
16.1 Amounts recoverable from reinsurers	0	0	0
16.2 Funds held by or deposited with reinsured companies	0	0	0
16.3 Other amounts receivable under reinsurance contracts	0	0	0
17. Amounts receivable relating to uninsured plans	0	0	0
18.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
18.2 Net deferred tax asset.....	160,260	207,947	47,687
19. Guaranty funds receivable or on deposit	0	0	0
20. Electronic data processing equipment and software.....	0	0	0
21. Furniture and equipment, including health care delivery assets.....	0	0	0
22. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
23. Receivables from parent, subsidiaries and affiliates	0	0	0
24. Health care and other amounts receivable.....	0	0	0
25. Aggregate write-ins for other-than-invested assets	77,410	23,792	(53,618)
26. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 12 to 25).....	237,670	231,739	(5,931)
27. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
28. Total (Lines 26 and 27)	237,670	231,739	(5,931)
DETAILS OF WRITE-INS			
1101.			
1102.			
1103.			
1198. Summary of remaining write-ins for Line 11 from overflow page	0	0	0
1199. Totals (Lines 1101 through 1103 plus 1198) (Line 11 above)	0	0	0
2501. Prepaid Assets.....	77,410	23,792	(53,618)
2502.			
2503.			
2598. Summary of remaining write-ins for Line 25 from overflow page	0	0	0
2599. Totals (Lines 2501 through 2503 plus 2598) (Line 25 above)	77,410	23,792	(53,618)

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	7,811	7,289	8,048	7,917	7,900	92,386
2. Provider Service Organizations.....	.0					
3. Preferred Provider Organizations.....	.0					
4. Point of Service.....	.0					
5. Indemnity Only.....	.0					
6. Aggregate write-ins for other lines of business.....	.0	.0	.0	.0	.0	.0
7. Total	7,811	7,289	8,048	7,917	7,900	92,386
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page .....	.0	.0	.0	.0	.0	.0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0	0

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Accounting Practices

The accompanying financial statements of HAP Midwest Health Plan, Inc. (the Company) have been prepared in accordance with the *NAIC Accounting Practices and Procedures Manual (NAPPM)* and the NAIC Annual Statement Instructions (NASI) to the extent that these accounting practices, procedures and reporting standards are not modified by accounting practices prescribed or permitted by the Michigan Department of Insurance and Financial Services (DIFS).

DIFS recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining the financial condition and results of operation of an insurance company. The *NAPPM* has been adopted as a component of prescribed or permitted practices by DIFS.

A reconciliation of the Corporation’s net income and capital and surplus between NAIC SAP and practices prescribed and permitted by the State of Michigan is shown below:

	<u>SSAP #</u>	<u>F/S Page</u>	<u>F/S Line #</u>	<u>Dec 31, 2018</u>	<u>Dec 31, 2017</u>
<u>NET INCOME</u>					
(1) State basis (Page 4, Line 32, Columns 2 & 3)	XXX	XXX	XXX	\$ (5,410,721)	\$ 1,772,541
(2) State Prescribed Practices that increase/(decrease) NAIC SAP:					
(3) State Permitted Practices that increase/(decrease) NAIC SAP:					
(4) NAIC SAP (1-2-3=4)	XXX	XXX	XXX	<u>\$ (5,410,721)</u>	<u>\$ 1,772,541</u>
<u>SURPLUS</u>					
(5) State basis (Page 3, Line 33, Columns 3 & 4)	XXX	XXX	XXX	\$ 20,989,254	\$ 26,461,746
(6) State Prescribed Practices that increase/(decrease) NAIC SAP:					
(7) State Permitted Practices that increase/(decrease) NAIC SAP:					
(8) NAIC SAP (5-6-7=8)	XXX	XXX	XXX	<u>\$ 20,989,254</u>	<u>\$ 26,461,746</u>

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with accounting practices prescribed or permitted by DIFS require management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

C. Accounting Policy

The Company is licensed as a Medicare and Medicaid Health Maintenance Organization (HMO) in the State of Michigan. Its programs consist of Traditional Medicaid, Healthy MI, Children with Special Health Care Services and the MI Health Link Program (Integrated Care Dual Demonstration program). As a result of an unsuccessful bid during 2016, the State of Michigan’s Medicaid RFP, HAP Midwest no longer has a Medicaid presence in Wayne, Oakland, Macomb, Livingston, and Washtenaw counties.

Revenue is recognized during the month in which coverage for enrolled members is in effect. Amounts receivable or payable as a result of the contract reconciliation process are recorded in the year known or a reasonable estimate is determinable.

The Company uses the following accounting policies:

1. Short-term investments consist of readily marketable securities with maturities greater than three months but less than one year at the time of purchase. The investments are recorded at amortized cost or fair value based on the underlying security.
2. Cash Equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less. The investments are recorded at fair value.
3. Bonds not backed by other loans- are stated at amortized cost or the lower of fair value or amortized cost based on the NAIC designation of the underlying security as defined in SSAP No. 26 “*Bonds*”, Paragraph 8.
4. Common Stocks – Not applicable

5. Preferred Stocks – Not applicable
6. Mortgage Loans – Not applicable
7. Loan –backed securities – Not applicable
8. Investments in Subsidiaries, controlled and affiliated companies – Not applicable
9. Investments in Joint Ventures, partnerships and limited liability companies – Not applicable
10. Derivatives – Not applicable
11. The Company was required to record a premium deficiency reserve at December 31, 2018.
12. The Company’s method of estimating liabilities for unpaid medical claims are based on past experience, for claims incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liabilities are continually reviewed and any adjustments are reflected in the period determined.
13. Capitalization policy – No modification of capitalization policy
14. Pharmaceutical/Rebates Receivable – The plan recognizes pharmacy rebates/reimbursements when the amounts are known, or a reasonable estimate is determinable.

D. Going Concern

Management does not consider there to be any present conditions or events that would raise substantial doubt about the Company’s ability to continue as a going concern.

2. ACCOUNTING CHANGE AND CORRECTION OF ERRORS

Material changes in accounting principles and/or correction of error – Not applicable.

3. BUSINESS COMBINATION AND GOODWILL

- A. Statutory Purchase Method - Not applicable
- B. Statutory Merger - Not applicable
- C. Assumption Reinsurance - Not applicable
- D. Impairment Loss - Not applicable

4. DISCONTINUED OPERATIONS

The Company has not discontinued operations to report during 2018.

5. INVESTMENTS

- A. Mortgage Loans, including Mezzanine Real Estate Loans – Not applicable
- B. Debt Restructuring – Not applicable
- C. Reverse Mortgages – Not applicable
- D. Loan-Backed Securities – Not applicable
- E. Dollar Repurchase Agreements and/or Securities Lending Transactions – Not applicable
- F. Repurchase Agreements Transactions Accounted for as Secured Borrowing - Not applicable
- G. Reverse Repurchase Agreements Transactions Accounted for as Secured Borrowing – Not applicable
- H. Repurchase Agreements Transactions Accounted for as a Sale – Not applicable
- I. Reverse Repurchase Agreements Transactions Accounted for as a sale – Not applicable
- J. Real Estate – Not applicable
- K. Low-Income Housing Tax Credits (LIHTC) – Not applicable
- L. Restricted Assets

(1) Restricted Assets (Including Pledged)

	1	2	3	4	5	6	7
Restricted Asset Category	Total Gross Restricted from Current Year	Total Gross Restricted form Prior Year	(Increase/ Decrease) (1 minus 2)	Total current Year Nonadmitt ed Restricted	Total Current Year Admitted Restricted (1 minus 4)	Gross (Admitted and Nonadmitted) Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown							
b. Collateral held under security lending agreements							
c. Subject to repurchase agreements							
d. Subject to reverse repurchase agreements							
e. Subject to dollar repurchase agreements							
f. Subject to dollar reverse repurchase agreements							
g. Placed under option contracts							
h. Letter stock or securities restricted as to sale – excluding FHLB capital stock							
i. FHLB capital stock							
j. On deposit with states	\$ 1,025,000	\$ 1,019,138	\$(5,862)		\$1,025,000	1.8 %	1.8%
k. On deposit with other regulatory bodies							
l. Pledged as collateral to FHLB (including assets backing funding agreements)							
m. Pledged as collateral not captured in other categories							
n. Other Restricted Assets							
o. Total Restricted Assets							

M. Working Capital Finance Investments – Not applicable

N. Offsetting and Netting of Assets and Liabilities – Not applicable

O. Structured Notes – Not applicable

P. 5* Securities – Not applicable

Q. Short Sales – Not applicable

R. Repayment Penalty and Acceleration Fees – Not applicable

6. JOINT VENTURES, PARTNERSHIPS AND LIMITED LIABILITIES COMPANIES

A. The Company has no investments in Joint Ventures, Partnerships, or Limited Liability Companies that exceed 10% of its admitted assets.

B. The Company did not recognize any impairment write down for investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. INVESTMENT INCOME

The Company had no excluded investment income.

8. DERIVATIVE INSTRUMENTS

The Company had no derivative instruments.

9. INCOME TAXES

The Company has recognized an admitted net Deferred Tax Asset (DTA) of \$ 731,157 and \$ 741,063 as of December 31, 2018 and 2017, respectively. The DTA is the result of cumulative temporary timing differences that exist between amounts presented in the statutory basis financial statements and amounts reportable for income tax purposes.

A. The components of the net deferred tax asset/(liability) at December 31 are as follows:

1.

(a) Gross Deferred Tax Assets
(b) Statutory Valuation Allowance Adjustments
(c) Adjusted Gross Deferred Tax Assets
 (1a - 1b)
(d) Deferred Tax Assets Non-admitted
(e) Subtotal Net Admitted Deferred Tax Assets
 (1c - 1d)
(f) Deferred Tax Liabilities

(g) Net Admitted Deferred Tax Assets/(Net
 Deferred Tax Liability)
 (1e - 1f)

12/31/2018		
1	2	3
Ordinary	Capital	(Col 1+2) Total
934,157	0	934,157
0	0	0
934,157	0	934,157
160,260	0	160,260
773,896	0	773,896
(42,740)	0	(42,740)
731,157		731,157

1.

(a) Gross Deferred Tax Assets
(b) Statutory Valuation Allowance Adjustments
(c) Adjusted Gross Deferred Tax Assets
 (1a - 1b)
(d) Deferred Tax Assets Non-admitted
(e) Subtotal Net Admitted Deferred Tax Assets
 (1c - 1d)
(f) Deferred Tax Liabilities

(g) Net Admitted Deferred Tax Assets/(Net
 Deferred Tax Liability)
 (1e - 1f)

12/31/2017		
4	5	6
Ordinary	Capital	(Col 4+5) Total
986,062	0	986,062
0	0	0
986,062	0	986,062
207,947	0	207,947
778,115	0	778,115
(37,053)	0	(37,053)
741,062		741,062

1.

(a) Gross Deferred Tax Assets
(b) Statutory Valuation Allowance Adjustments
(c) Adjusted Gross Deferred Tax Assets
 (1a - 1b)
(d) Deferred Tax Assets Non-admitted
(e) Subtotal Net Admitted Deferred Tax Assets
 (1c - 1d)
(f) Deferred Tax Liabilities

(g) Net Admitted Deferred Tax Assets/(Net
 Deferred Tax Liability)
 (1e - 1f)

Change		
7	8	9
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 7+8) Total
(51,905)	0	(51,905)
0	0	0
(51,905)	0	(51,905)
(47,687)	0	(47,687)
(4,218)	0	(4,218)
(5,687)	0	(5,687)
(9,905)		(9,905)

2.

Admission Calculation Components SSAP No. 101

- (a) Federal Income taxes Paid In Prior Years Recoverable Through Loss Carry Carrybacks.
- (b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.
- (c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities
- (d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.
- Total (2(a) + 2(b) + 2(c))

12/31/2018		
1	2	3
Ordinary	Capital	(Col 1+2) Total
689,157	0	689,157
42,000	0	42,000
42,000	0	42,000
xxx	xxx	3,031,349
42,740	0	42,740
42,740	0	42,740
816,636	0	816,636

2.

Admission Calculation Components SSAP No. 101

- (a) Federal Income taxes Paid In Prior Years Recoverable Through Loss Carry Carrybacks.
- (b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.
- (c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities
- (d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101.
- Total (2(a) + 2(b) + 2(c))

12/31/2017		
4	5	6
Ordinary	Capital	(Col 4+5) Total
699,062	0	699,062
42,000	0	42,000
42,000	0	42,000
xxx	xxx	3,858,103
37,053	0	37,053
37,053	0	37,053
815,167	0	741,062

2.

Change		
7	8	9
(Col 1-4) Ordinary	(Col 2-5) Capital	(Col 4+5) Total

Admission Calculation Components SSAP No. 101

(a) Federal Income taxes Paid In Prior Years Recoverable Through Loss Carry Carrybacks.	(9,905)	0	(9,905)
(b) Adjusted Gross Deferred Tax Assets Expected To Be Realized (Excluding The Amount Of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The Lesser of 2(b)1 and 2(b)2 Below)	0	0	0
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date.	0	0	0
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold.	xxx	xxx	(826,754)
(c) Adjusted Gross Deferred Tax Assets (Excluding The Amount of Deferred Tax Assets From 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	5,687	0	5,687
	5,687	0	5,687
(d) Deferred Tax Assets Admitted as the result of application of SSAP No. 101. Total (2(a) + 2(b) + 2(c))	1,469	0	1,469

3.

2018	2017
------	------

(a) Ratio Percentage Used To Determine Recovery Period And Threshold Limitation Amount.	449%	627%
(b) Amount Of Adjusted Capital And Surplus Used To Determine Recovery Period And Threshold Limitation In 2(b) 2 Above.	19,526,941	25,720,684

4.

12/31/2018		
1	2	3
Ordinary Percent	Capital Percent	(Col 1+2) Total Percent

Impact of Tax-Planning Strategies

(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets B Tax Character As A Percentage.			
1. Adjusted Gross DTAs	934,157	0	934,157
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs	773,896	0	773,896

4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%
--	----	----	----

4.	12/31/2017		
	4	5	6
	Ordinary Percent	Capital Percent	(Col 4+5) Total Percent

Impact of Tax-Planning Strategies

(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets B Tax Character As A Percentage.

1. Adjusted Gross DTAs	986,062	0	986,062
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs	778,115	0	778,115
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%

4.	Change		
	7	8	9
	(Col 1-4) Ordinary Percent	(Col 2-5) Capital Percent	(Col 7+8) Total Percent

Impact of Tax-Planning Strategies

(a) Determination Of Adjusted Gross Deferred Tax Assets And Net Admitted Deferred Tax Assets B Tax Character As A Percentage.

1. Adjusted Gross DTAs	(51,905)	0	(51,905)
2. Percentage of Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%
3. Net Admitted Adjusted Gross DTAs	(4,218)	0	(4,218)
4. Percentage of Net Admitted Adjusted Gross DTAs By Tax Character Attributable to the Impact of Tax Planning Strategies	0%	0%	0%

(b) Does the Corporation’s tax-planning strategies include the use of reinsurance? Yes No X

B. Unrecognized Deferred Tax Liabilities - NOT APPLICABLE.

C. Current income taxes incurred consist of the following major components:

1	2	3
12/31/2018	12/31/2017	(Col 1-2) Change

1. Current Income Tax

(a) Federal	(3,090,426)	736,572	(3,826,998)
(b)Foreign			
(c)Subtotal	(3,090,426)	736,572	(3,826,998)
(d) Federal income tax on net capital gains			
(e)Utilization of capital loss carry-forwards			
(f) Other	(46,543)	(175,504)	128,960
(g) Federal and foreign income taxes incurred	(3,136,969)	561,068	(3,698,037)

1	2	3
12/31/2018	12/31/2017	(Col 1-2) Change

2. Deferred Tax Assets

(a) Ordinary

(1) Discounting of unpaid losses	66,291	33,069	33,222
(2) Unearned premium reserve	759		759
(3) Policyholder reserves			
(4) Investments			
(5) Deferred acquisition costs	0	0	0
(6) Policyholder dividends accrual			
(7) Fixed Assets	0	0	0
(8) Compensation and benefits accrual	521,850	576,997	(55,147)
(9) Pension accrual			0
(10) Receivables - nonadmitted			0
(11) Net operating loss carry-forward			0
(12) Deferred tax liabilities			
(13) Other (including items <5% of total ordinary tax assets)	16,256	4,996	11,260
(14) State taxes amended	0	0	0
(15) Intangibles	329,000	371,000	(42,000)
(99) Subtotal	934,157	986,062	(51,905)

(b) Statutory valuation allowance adjustment			0
(c)Nonadmitted	160,260	207,947	(47,687)

(d) Admitted ordinary deferred tax assets (2a99 - 2b - 2c)	773,896	778,115	(4,218)
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(e)Capital:

(1) Investments	0	0	0
(2) Net capital loss carry-forward	0	0	0
(3) Real estate	0	0	0
(4) Other (including items <5% of total capital tax assets)	0	0	0
(99) Subtotal	0	0	0

(f) Statutory valuation allowance adjustment	0	0	0
(g) Nonadmitted	0	0	0

(h) Admitted capital deferred tax assets (2e99 - 2f - 2g)	0	0	0
(i) Admitted deferred tax assets (2d + 2h)	773,896	778,115	(4,218)
3. Deferred Tax Liabilities			
(a) Ordinary:			
(1) Investments	0	0	0
(2) Fixed assets	10,312	37,053	(26,741)
(3) Deferred and uncollected premium	0	0	0
(4) Policyholder reserves	0	0	0
(5) Other (including items <5% of total ordinary tax assets)	32,428	0	32,428
(99) Subtotal	42,740	37,533	5,687
(b) Capital:			
(1) Investments	0	0	0
(2) Real estate	0	0	0
(3) Other (including items <5% of total capital tax liabilities)	0	0	0
(99) Subtotal	0	0	0
(c) Deferred tax liabilities (3a99 + 3b99)	42,740	37,053	5,687
4. Net deferred tax assets/liabilities (2i - 3c)	731,157	741,062	(9,905)

	12/31/2018	12/31/2017	Change
Total Deferred Tax Assets	934,157	986,062	(51,905)
Total Deferred Tax Liabilities	(42,740)	(37,053)	(5,687)
Net Deferred Tax Asset/Liabilities	891,417	949,009	(57,592)
Statutory Valuation Allowance	0	0	0
Net DTA/DTL after VA	891,417	949,009	(57,592)
Tax-effect on Unrealized Gain			0
Statutory Valuation Allowance on Unrealized			0
Change in Net Deferred Income tax			(57,592)

On December 22, 2017, the U.S. government enacted comprehensive tax legislation commonly referred to as the Tax Cuts and Jobs Act (the “Tax Act”). The Tax Act makes broad and complex changes to the U.S. tax code, including, but not limited to, (1) reducing the U.S. federal corporate tax rate from 35% to 21%; (2) eliminating the corporate alternative minimum tax (AMT) and changing how existing AMT credits can be realized; (3) bonus depreciation that will allow for full expensing of qualified property; (4) and changing rules regarding the discounting of accident and health reserves for tax return purposes.

The SEC staff issued SAB 118, which provides guidance on accounting for the tax effects of the Tax Act. SAB 118 provides a measurement period that should not extend beyond one year from the Tax Act enactment date for companies to complete the accounting under ASC 740. In accordance with SAB 118, a company must reflect the income tax effects of those aspects of the Act for which the accounting under ASC 740 is complete. To the extent that a company’s accounting for certain income tax effects of the Tax Act is incomplete but it is able to determine a reasonable estimate, it must record a provisional estimate in the statutory-basis financial statements. If a company cannot determine a provisional estimate to be included in the statutory-basis financial statements, it should continue to apply ASC 740 on the basis of the provisions of the tax laws that were in effect immediately before the enactment of the Tax Act.

The Statutory Accounting Principles (E) Working Group issued INT 18-01: Updated Tax Estimates under the Tax Cuts and Jobs Act which provided that year-end 2017 financials should reflect the income tax effects of the Act in which the accounting estimates under SSAP No. 101 are complete. Further, the financials shall recognize impacts for accounting estimates under the Act that may be considered incomplete when a reasonable estimate is determinable. Furthermore, consistent with SAB 118, for specific income tax effects of the Act for which a reasonable estimate cannot be determined, reporting entities shall not recognize provisional amounts in the 2017 statutory financial statements. Furthermore, the guidance provided for disclosure for amounts that are incomplete similar to the disclosures required in SAB 118.

Our accounting for all elements of the Tax Act is now complete, consistent with the closing of the SAB 118 measurement period on December 22, 2018. As a result of guidance released by the IRS, namely Revenue Procedures 2019-06, we have recorded the following adjustments to our accounting for the Tax Act during 2018:

Accident and health reserves: The Act changes the discount rate and payment patterns utilized to discount certain lines of business when computing the allowable tax reserve deduction. On December 19, 2018, the IRS issued Revenue Procedure 2019-06 which provided taxpayers with the applicable discount factors for use in these computations. As a result of this additional guidance, we recorded an increase to its gross deferred tax asset for loss reserve discounting of \$45,443 and reserve transition deferred tax liability of \$45,443 during 2018. The recorded adjustment had no impact on our effective tax rate.

D. Among the more significant book to tax adjustments were the following:

	2018	%	2017	%
Federal income tax benefit computed at the statutory rate	(1,794,927)	21.0%	828,431	34.5%
Permanent Differences	0	0.0%	0	0.0%
Change in DTAs on Non Admitted Assets	(11,260)	0.1%	481,667	20.1%
Impact of Change in Tax Rate	(1,242,746)	14.5%	655,268	27.3%
Prior Year True-up	(30,443)	0.4%	(148,658)	-6.2%
Impact of Prior Year Amended State Tax returns	0	0.0%	0	0.0%
Valuation Allowance	0	0.0%	0	0.0%
Other	(0)	0.0%	922	0.0%
Total	(3,079,377)	36.0%	1,817,629	75.7%
Federal income taxes incurred	(3,090,426)	36.2%	736,572	30.7%
Change in net deferred income taxes	57,592	-0.7%	1,256,561	52.4%
Prior year underaccrual/(overaccrual)	(46,543)	0.5%	(175,504)	-7.3%
Total statutory income taxes	(3,079,377)	36.0%	1,817,629	75.7%

- E. Carry forwards, recoverable taxes, and IRC 6603 deposits:
The Plan does not have any Net Operating Loss, capital loss or tax credit carry forwards.
The Plan does not have any deposits admitted under IRC 6603.
- The Company has \$0 and \$690,000 of taxes recoupable for the tax years 2018 and 2017, respectively.
- F. The Plan’s federal income tax return if filed on a standalone basis and taxes are based on an adopted income tax allocation plan between the Plan and other affiliated members of the controlled group.
- G. HAP MHP has recorded no liabilities in accordance with SSAP No. 5R, Liabilities, Contingencies and Impairments of Assets Revised. The statute of limitation for Michigan returns is open for 2013 and subsequent years. Furthermore, the Federal statute of limitation is open for 2015 and subsequent years.

10. INFORMATION CONCERNING PARENT, SUBSIDIARIES, AND AFFILIATES

- A. The Company is 100% owned by Health Alliance Plan of Michigan (“HAP”). The Company’s Ultimate Controlling Entity is the Henry Ford Health System (HFHS).
- B. The Company incurred a management fees from HAP in 2018 and 2017. The Company incurred a management fee for medical management from HFHS in 2018 and 2017. Through a Specialty Care and Hospital Agreement and a Plan/Primary Care Provider Agreement the Plan purchased healthcare and remitted State of Michigan pass thru payments to HFHS in 2018, and 2017. The Company entered into a sublease agreement with HAP for primary office space of 18,418 rentable square feet in 2015. The terms of this lease agreement ended on December 31, 2018.
- C. The HAP management fee was \$20,785,779 in 2018 and \$2,786,269 in 2017. The Company paid healthcare services (noted above) to HFHS of \$15,954,695 in 2018 and \$13,611,282 in 2017. The Company purchased healthcare services from related parties totaling \$0 in 2018 and approximately \$602,745 in 2017. The company paid \$310,000 for a sublease to HAP in 2018 and \$676,642 in 2017.
- D. The Company, under the terms of a Management and Services Agreement with HAP and a Management and Services Agreement between Henry Ford Health System (HFHS) and HAP recorded an amount due to \$9,472,537 and \$1,086,856 for 2018 and 2017 respectively, with terms of settlement within 15 days.
- E. Guarantees to Affiliated Groups – Not applicable
- F. The Company has an agreement with its parent company whereby various administrative and support services are provided on the Company’s behalf.
- G. Common Ownership or Control – the Company and its affiliates are not subject to common ownership or control whereby their operating results or financial position would be significantly different from those if the entities were autonomous.
- H. Ownership in an Upstream Affiliate or Parent – Not applicable

- I. Investments in SCA Entities Exceeding 10% of Admitted Assets – Not applicable
- J. Investments in Impaired SCA Entities – Not applicable
- K. Investments in Foreign Insurance Subsidiaries – Not applicable
- L. Investment in Downstream Noninsurance Subsidiaries – Not applicable
- M. Investments in Non-Insurance Subsidiaries, Controlled and Affiliated Entities- Not applicable
- N. Investments in Insurance SCAs with Prescribed and Permitted Practices- Not applicable

11. DEBT

The Company had no debt.

- A. Debt, including Capital Notes and Reverse Repurchase Agreements – Not applicable
- B. FHLB (Federal Home Loan Bank) Agreements – Not applicable

12. RETIREMENT PLANS, DEFERRED COMPENSATION, POST-EMPLOYMENT BENEFITS AND COMPENSATED ABSCENCES AND OTHER POST-RETIREMENT BENEFIT PLANS

- A. Defined Benefit Plan – Not applicable
- B. Investment Policies and Strategies- Not applicable
- C. Fair Value of Each Class of Plan Assets- Not applicable
- D. Basis to determine the overall expected long-term rate- of-return-on-assets assumptions- Not Applicable
- E. Defined Contribution Plan - Effective December 24, 2017, all HAP MHP employees were moved to the HAP payroll and became eligible to participate in the HAP 401k plan in accordance with the age and service requirements. HAP, at its discretion, can make a matching contribution equal to 50% of the employee's elective deferral up to 3.5% of eligible compensation.

Prior to December 24, 2017, HAP MHP, at its discretion, could make a matching contribution up to 4% of eligible compensation.

The expense was approximately \$0 and \$138,445 as of December 31, 2018 and 2017, respectively.

- F. Multiemployer Plans – Not applicable
- G. Consolidated/Holding Company Plans – Not applicable
- H. Postemployment Benefits and Compensated Absences – Not applicable
- I. Impact of Medicare Modernization Act on Postretirement Benefits (INT 04-17) - Not applicable

13. CAPITAL AND SURPLUS, SHAREHOLDERS' DIVIDEND RESTRICTIONS AND QUASI-REORGANIZATIONS

- 1. The Company has no stock and incorporated as a Michigan non-profit organization.
- 2. Preferred stock – Not applicable
- 3. Dividend Restrictions – the maximum dividends that may be paid by the Company without prior approval of the Michigan DIFS is limited to the greater of 10% of capital and surplus or net income for the previous year.
- 4. The Company has not paid a dividend in 2018. Without prior approval of its domiciliary commissioner, dividends to shareholders are limited by the laws of the Company's state of incorporation, Michigan, and to an amount based on restrictions relating to statutory surplus.
- 5. Dividend Restrictions Based on Profits - Within the limitations above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
- 6. Restrictions on Unassigned Funds (Surplus) – Not applicable
- 7. Advances to Surplus Not Repaid – Not applicable.
- 8. Stock held for Special Purposes – Not applicable.

9. Changes in special Surplus funds – Not applicable
10. There are no cumulative unrealized gains and losses that reduce Unassigned funds (Surplus)
11. Surplus Notes – Not applicable
12. Impact of a Restatement Due to a Quasi-reorganization – Not applicable
13. The Effective Date(s) of a Quasi-Reorganization for the Prior Ten Years – Not applicable

14. LIABILITIES, CONTINGENCIES AND ASSESSMENTS

A. Contingent Commitments

The Company is not aware of any material contingent liabilities as of December 31, 2018. The company has committed no reserves to cover any contingent liabilities.

B. Assessments

As of December 31, 2018, the Company is not aware of any assessments against the Company.

C. Gain Contingencies

The Company is not aware of any material gain contingencies as of December 31, 2018.

D. Claims Related Extra Contractual Obligation and Bad, Faith Losses Stemming from Lawsuits

The Company paid no extra contractual obligations and bad faith losses stemming from lawsuits during 2018.

E. Joint and Several Liabilities

The Company does not have any joint and several liability arrangements to report at December 31, 2018.

F. All Other Contingencies

The Company is not aware of any material contingent liability at December 31, 2018. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the company. The company has no assets that it considers to be impaired.

15. LEASES

A. Lessee Operating Leases

1.
 - a. The Company had an operating lease for its former primary office space. The rental expense was \$0 and \$745,850 for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2017, Company had no future minimum aggregate rental commitments.
 - b. The Company commenced a 10 year operating lease for its primary office space in December 2010, which is cancellable after the 6th year.
2. At December 31, 2018, the Company has no minimum aggregate rental commitments.
3. Material Sales – Leaseback Transactions - Not applicable

B. Lessor Leases – Not applicable

C. Leveraged Leases- Not applicable

16. INFORMATION ABOUT FINANCIAL INSTRUMENTS WITH OFF-BALANCE SHEET RISK AND FINANCIAL INSTRUMENTS WITH CONCENTRATIONS OF CREDIT RISK

The Company had no financial instruments with off-balance sheet risk or with concentrations of credit risk at December 31, 2018.

17. SALE, TRANSFER AND SERVICING OF FINANCIAL ASSETS AND EXTINGUISHMENTS OF LIABILITIES

A. Transfers of Receivables Reported as Sales

The Company had no transfers of receivables reported as sales during 2018.

B. Transfer and Servicing of Financial Assets

The Company had no transferring or servicing of financial assets during 2018.

C. Wash Sales

The Company had no wash sales during 2018.

18. GAIN OR LOSS FROM UNINSURED PLANS AND THE UNINSURED PORTION OF PARTIALLY INSURED PLANS

A. ASO Plans – Not applicable

B. ASC Plans – Not applicable

C. Medicare or Other Similarly Structured Cost Based Reimbursement Contract –

- 1. Major components of revenue by payer – Not applicable
 - 2. Receivables from payers with account balances the greater of 10% of amounts receivable relating to uninsured accident and health plans of \$10,000
- | | | |
|--|-------------|-------------|
| | <u>2018</u> | <u>2017</u> |
| Centers for Medicare and Medicaid Services (CMS) | \$4,387,543 | \$3,205,393 |
- 3. The Company has recorded \$0 as an allowance for potential penalties and or expenses related to the transition for the Medicare program.
 - 4. The Company has made no adjustment to revenue resulting from audit of receivables related to revenues recorded in the prior period

19. DIRECT PREMIUM WRITTEN/PRODUCED BY MANAGING GENERAL AGENTS/THIRD PARTY ADMINISTRATORS

The plan had no direct premium written/produced by managing general third agents/third party administrators during 2018.

20. FAIR VALUE MEASUREMENT

A. Fair Market Value at Reporting Date:

- 1. The Company reports certain investments in the Company’s statement of assets, liabilities surplus and other funds as of December 31, 2018 at fair value which are summarized in the table below. There are no other assets and liabilities which are reported at fair value in the statement of assets, liabilities surplus and other funds as of December 31, 2018.
- | | | | | |
|------------------|-----------|--------------|-----------|--------------|
| Description | (Level 1) | (Level 2) | (Level 3) | Total |
| Cash Equivalents | | | | |
| MMF | | \$32,784,835 | | \$32,784,835 |
- 2. The Company has no fair value measurements categorized within Level 1 and 3 of the fair value hierarchy at December 31, 2018.
 - 3. The Company’s policy for recognition of transfers between levels within the fair value hierarchy is to recognize the transfer on the actual date of the event or change in circumstances that caused the transfer. The Company had no transfers between levels at December 31, 2018.
 - 5. The Company does not have derivative assets and liabilities at December 31, 2018.

B. Other Fair Value Information - Not applicable

C. Aggregate fair values of all financial instruments and applicable levels within the fair value hierarchy

Type of Financial Instrument	Aggregate Fair Value	Admitted Assets/Liabilities	(Level 1)	(Level 2)	(Level 3)	Not Practicable Carrying Value
Short-Term Investment						
Bond	1,025,000	1,025,000		1,025,000		
Cash Equivalents						
MMF	32,784,835	32,784,835	32,784,835			

D. Financial instruments or classes of financial instruments for which fair value measurements are not determinable – Not applicable

21. OTHER ITEMS

- A. Unusual or Infrequent Items – Not applicable
- B. Troubled Debt Restructuring – Not applicable
- C. Other Disclosures

Statutory Deposit – As a condition of maintain its certificate of authority with the State of Michigan, the Company maintains a deposit in a segregated account of \$1,000,000, which is the maximum required for a Health Maintenance Organization. These funds are intended to be used for the sole benefit of all Company’s members and only at the direction of the Director of DIFS. The funds are invested in a U.S treasury notes and reported in short term investment. The interest on these funds accrues to the Company.

- D. Business Interruption Insurance Recoveries – Not applicable
- E. State Transferable and Non-Transferable Tax Credits – Not applicable
- F. Subprime Mortgage Related Risk Exposure – Not applicable
- G. Retained Assets- Not applicable
- H. Insurance-Linked Securities (ILS) Contracts - Not applicable

22. EVENTS SUBSEQUENT

Type 1- Recognized Subsequent Events:

The management has evaluated all events subsequent to the Annual Statement date of December 31, 2018 through February 28, 2019, for the Annual Statement submitted on March 01, 2019.

Type II – Non-recognized Subsequent Events

In August 2015, the IRS confirmed that the Company was not subject to the 2015 ACA Excise Fee based on its status as a Michigan nonprofit corporation.

	Current Year	Prior Year
A. Did the reporting entity write accident and health insurance premium that is subject to section 9010 of the federal Affordable Care Act (Yes/No)?	No	No
B. ACA fee assessment payable for the upcoming year	\$0	\$0
C. ACA fee assessment paid	\$0	\$0
D. Premium written subject to ACA 9010 assessment	\$0	\$0
E. Total Adjusted Capital before surplus adjustment (Five-Year Historical Line 14)	\$0	
F. Total Adjusted Capital after surplus adjustment (Five-Year Historical Line 14 minus 22B above)	\$0	
G. Authorized Control Level after surplus adjustment (Five-Year Historical Line 15)	\$0	
H. Would reporting the ACA assessment as of December 31, 2018, have triggered an RBC action level (Yes/No)?	No	

23. REINSURANCE

- A. Ceded Reinsurance Report

During 2018, the Company has a reinsurance agreement with Zurich American Insurance Company, NAIC 16535, Federal Tax ID #36-4233459 a non-affiliated U.S. company for 2018. The Company is self-insured for medical claims up to a certain retention level per member during each policy year and has an agreement with a reinsurance carrier to cover the claims incurred over the retention level. The retention level was \$200,000 and \$175,000 per member in 2018 and 2017, respectively. Reinsurance expenses were \$913,381 and \$991,588 in 2018 and 2017, respectively, which were recorded as a reduction of premium revenue in the statements of revenues, expenses, and capital and surplus—statutory-basis. Reinsurance recoveries were \$2,162,863 and \$1,200,102 in 2018 and 2017, respectively.

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the Plan or by any representative, officer, trustee, or director of the company?

Yes () No (X)

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States this is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or any other person not primarily engaged in the insurance business?

Yes () No (X)

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the Plan have a reinsurance agreement in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (X)

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

Section 3 – Ceded Reinsurance Report – Part B

- (1) What is the estimated amount of the aggregate reduction in surplus (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of premium or other similar credits that are reflected in Section 2 above) of termination of all reinsurance agreements, by either party, as of the date of this statement? Where necessary, the Company consider the current or anticipated experience of the business reinsured in making this estimate.

\$ None

- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the Plan as of the effective date of the agreement?

Yes () No (X)

B. Uncollectible Reinsurance – Not applicable

C. Commutation of Ceded Reinsurance – Not applicable

D. Certified Reinsurer Rating Downgraded or Status Subject to Revocation- Not applicable

24. RETROSPECTIVELY RATED CONTRACTS & CONTRACTS SUBJECT TO REDETERMINATION

The Company is subject to medical loss ratio corridor for certain Medical business. The Company reported a liability of \$1,578,211 at December 31, 2018 and \$1,578,211 at December 31, 2017. This liability is reported on page 3, line 4” Aggregate Health Policy Reserves

A. The method used by the reporting entity to estimate accrued retrospective premium adjustment – Not applicable

B. Accrual of retrospective premiums recorded through written premium or as an adjustment to earned premium – Not applicable

C. Amount of net premiums written that are subject to retrospective rating features, as well as the corresponding percentage to total net premium written – Not applicable

D. Medical loss ratio rebates required pursuant to the Public Health Service Act – Not applicable

E. Risk-Sharing Provisions of the Affordable Care Act (AC)

- (1) Did the reporting entity write accident and health insurance premiums that is subject to the Affordable Care Act risk-sharing provisions (YES/NO)? No
- (2) Impact of Risk-Sharing provisions of the Affordable Care Act on Admitted Assets, Liabilities, and Revenue for the current year - Not applicable
- (3) Roll-forward of prior year ACA risk-sharing provisions for the following assets (gross of any non-admission) and liability balances, along with the reason for any adjustments to prior year balance - Not applicable
- (4) Roll-forward of risk corridors asset and liability balances by program benefit year – Not applicable
- (5) ACA risk corridors receivable as of report date – Not applicable

25. CHANGE IN INCURRED LOSSES AND LOSS ADJUSTMENT EXPENSES

Reserves as of December 31, 2018 were \$17,576,200. As of December 31, 2018, \$16,122,992 has been paid for incurred claims and claim adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$1,071,128 as a result of re-estimation of unpaid claims and claim adjustment expenses. Therefore, there has been a \$3,303,000 favorable prior-year development since December 31, 2017 to December 31, 2018. The increase (decrease) is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual.

26. INTERCOMPANY POOLING ARRANGEMENTS

Not applicable

27. STRUCTURED SETTLEMENTS

Not applicable

28. HEALTH CARE RECEIVABLES

A. Pharmaceutical/Rebates Receivable – The plan recognizes pharmacy rebates/reimbursements when the amounts are known, or a reasonable estimate is determinable. The Plan changed its methodology for the recognition in the fourth quarter 2016 to align with its parent corporation’s accounting practices.

Quarter	Estimated Pharmacy Rebates as Reported on Financial Statements	Pharmacy Rebates as Billed or Otherwise Confirmed	Actual Rebates Received Within 90 Days of Billing	Actual Rebates Received Within 91 to 180 Days of Billing	Actual Rebates Received More Than 180 Days After Billing
12/31/2018	1,687,297	1,273,857	986,991	0	0
09/30/2018	1,393,911	1,678,735	1,450,747	0	0
06/30/2018	1,175,177	620,673	1,017,820	0	0
03/31/2018	1,551,946	1,506,608	1,780,445	0	0
12/31/2017	1,838,012	715,438	8,090	0	0
09/30/2017	1,746,257	905,685	905,685	0	0
06/30/2017	264,932	1,712,051	1,712,051	0	0
03/31/2017	457,442	848,448	848,448	0	0
12/31/2016	625,294	1,750,686	8,979	0	1,741,707
09/30/2016	812,735	116,732	116,732	0	0
06/30/2016	724,892	1,945,484	46,282	1,256,589	642,613
03/31/2016	1,223,011	577,473	132,111	445,362	0
12/31/2015	2801,833	813,500	451,729	0	0

09/30/2015	566,774	556,774	556,312	0	0
06/30/2015	412,241	412,241	413,562	0	0
03/31/2015	302,448	302,448	302,790	0	0

B. Risk Sharing Receivable

For 2018, the Company had no contracts with capitated providers.

29. PARTICIPATING POLICIES

Not applicable

30. PREMIUM DEFICIENCY RESERVES

SSAP No. 54R “Individual and Group Accident and Health Contracts” requires companies to record an additional liability known as premium deficiency reserve when expected claim payments or incurred costs, claim adjustment expenses and administration cost exceed the premiums to be collected for the remainder of a contract period. Accordingly, HAP MHP recorded \$2,485,000 premium deficiency reserve (“PDR”) at December 31, 2018 and \$2,322,000 at December 31, 2017. The Company did not utilize investment income in PDR calculation. The date of evaluation was December 31, 2017.

31. ANTICIPATED SALVAGE AND SUBROGATION

Not applicable

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- If yes, complete Schedule Y, Parts 1, 1A and 2.
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] N/A []
- 1.3

State Regulating? Michigan.....
- 1.4

Is the reporting entity publicly traded or a member of a publicly traded group?

Yes [] No [X]
- 1.5

If the response to 1.4 is yes, provide the CIK (Central Index Key) code issued by the SEC for the entity/group.
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

.....12/31/2015
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

.....12/31/2015
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

.....06/28/2017
- 3.4

By what department or departments? Michigan Department of Insurance and Financial Services.....
- 3.5

Have all financial statement adjustments within the latest financial examination report been accounted for in a subsequent financial statement filed with Departments?

Yes [] No [] N/A [X]
- 3.6

Have all of the recommendations within the latest financial examination report been complied with?

Yes [X] No [] N/A []
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity) receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes [] No [X]
- 4.12 renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes [] No [X]
- 4.22 renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- If yes, complete and file the merger history data file with the NAIC.
- 5.2

If yes, provide the name of the entity, NAIC company code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile
.....
.....
.....
.....
.....

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,
- 7.21 State the percentage of foreign control

.....0.0 %
- 7.22 State the nationality(s) of the foreign person(s) or entity(s); or if the entity is a mutual or reciprocal, the nationality of its manager or attorney-in-fact and identify the type of entity(s) (e.g., individual, corporation, government, manager or attorney-in-fact).

1 Nationality	2 Type of Entity
.....
.....
.....
.....
.....

GENERAL INTERROGATORIES

8.1 Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board? Yes [] No [X]

8.2 If response to 8.1 is yes, please identify the name of the bank holding company.

8.3 Is the company affiliated with one or more banks, thrifts or securities firms? Yes [] No [X]

8.4 If response to 8.3 is yes, please provide the names and locations (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC)] and identify the affiliate's primary federal regulator.

1	2	3	4	5	6
Affiliate Name	Location (City, State)	FRB	OCC	FDIC	SEC
		NO	NO	NO	NO

9. What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?
Deloitte & Touche LLP, Suite 3900, 200 Renaissance Center, Detroit, MI 48243.....

10.1 Has the insurer been granted any exemptions to the prohibited non-audit services provided by the certified independent public accountant requirements as allowed in Section 7H of the Annual Financial Reporting Model Regulation (Model Audit Rule), or substantially similar state law or regulation? Yes [] No [X]

10.2 If the response to 10.1 is yes, provide information related to this exemption:

10.3 Has the insurer been granted any exemptions related to the other requirements of the Annual Financial Reporting Model Regulation as allowed for in Section 18A of the Model Regulation, or substantially similar state law or regulation? Yes [] No [X]

10.4 If the response to 10.3 is yes, provide information related to this exemption:

10.5 Has the reporting entity established an Audit Committee in compliance with the domiciliary state insurance laws? Yes [X] No [] N/A []

10.6 If the response to 10.5 is no or n/a, please explain

11. What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?
Michael Sturm, FSA, MMA. Milliman, 15800 Bluemound Road, Suite 100, Brookfield, WI 53005.....

12.1 Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly? Yes [] No [X]

12.11 Name of real estate holding company

12.12 Number of parcels involved

12.13 Total book/adjusted carrying value

.....

.....0

\$......

12.2 If yes, provide explanation

13. FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:

13.1 What changes have been made during the year in the United States manager or the United States trustees of the reporting entity?

13.2 Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located? Yes [] No []

13.3 Have there been any changes made to any of the trust indentures during the year? Yes [] No []

13.4 If answer to (13.3) is yes, has the domiciliary or entry state approved the changes? Yes [] No [] N/A [X]

14.1 Are the senior officers (principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions) of the reporting entity subject to a code of ethics, which includes the following standards?
Yes [X] No []

a. Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;

b. Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the reporting entity;

c. Compliance with applicable governmental laws, rules and regulations;

d. The prompt internal reporting of violations to an appropriate person or persons identified in the code; and

e. Accountability for adherence to the code.

14.11 If the response to 14.1 is no, please explain:

14.2 Has the code of ethics for senior managers been amended? Yes [] No [X]

14.21 If the response to 14.2 is yes, provide information related to amendment(s)

14.3 Have any provisions of the code of ethics been waived for any of the specified officers? Yes [] No [X]

14.31 If the response to 14.3 is yes, provide the nature of any waiver(s).

GENERAL INTERROGATORIES

- 15.1 Is the reporting entity the beneficiary of a Letter of Credit that is unrelated to reinsurance where the issuing or confirming bank is not on the SVO Bank List?
- Yes [] No [X]
- 15.2 If the response to 15.1 is yes, indicate the American Bankers Association (ABA) Routing Number and the name of the issuing or confirming bank of the Letter of Credit and describe the circumstances in which the Letter of Credit is triggered.

1	2	3	4
American Bankers Association (ABA) Routing Number	Issuing or Confirming Bank Name	Circumstances That Can Trigger the Letter of Credit	Amount
			0

BOARD OF DIRECTORS

16. Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?
- Yes [X] No []
17. Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?
- Yes [X] No []
18. Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or is likely to conflict with the official duties of such person?
- Yes [X] No []

FINANCIAL

19. Has this statement been prepared using a basis of accounting other than Statutory Accounting Principles (e.g., Generally Accepted Accounting Principles)?
- Yes [] No [X]
- 20.1 Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.11 To directors or other officers \$.....
- 20.12 To stockholders not officers \$.....
- 20.13 Trustees, supreme or grand (Fraternal only) \$.....
- 20.2 Total amount of loans outstanding at the end of year (inclusive of Separate Accounts, exclusive of policy loans):
- 20.21 To directors or other officers \$.....
- 20.22 To stockholders not officers \$.....
- 20.23 Trustees, supreme or grand (Fraternal only) \$.....
- 21.1 Were any assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in the statement?
- Yes [] No [X]
- 21.2 If yes, state the amount thereof at December 31 of the current year:
- 21.21 Rented from others \$.....
- 21.22 Borrowed from others \$.....
- 21.23 Leased from others \$.....
- 21.24 Other \$.....
- 22.1 Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?
- Yes [] No [X]
- 22.2 If answer is yes:
- 22.21 Amount paid as losses or risk adjustment \$.....
- 22.22 Amount paid as expenses \$.....
- 22.23 Other amounts paid \$.....
- 23.1 Does the reporting entity report any amounts due from parent, subsidiaries or affiliates on Page 2 of this statement?
- Yes [] No [X]
- 23.2 If yes, indicate any amounts receivable from parent included in the Page 2 amount:
- \$.....

INVESTMENT

- 24.01 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date? (other than securities lending programs addressed in 24.03)
- Yes [X] No []
- 24.02 If no, give full and complete information, relating thereto
- 24.03 For security lending programs, provide a description of the program including value for collateral and amount of loaned securities, and whether collateral is carried on or off-balance sheet. (an alternative is to reference Note 17 where this information is also provided)
- 24.04 Does the company's security lending program meet the requirements for a conforming program as outlined in the Risk-Based Capital Instructions?
- Yes [] No [] NA [X]
- 24.05 If answer to 24.04 is yes, report amount of collateral for conforming programs.
- \$.....
- 24.06 If answer to 24.04 is no, report amount of collateral for other programs.
- \$.....
- 24.07 Does your securities lending program require 102% (domestic securities) and 105% (foreign securities) from the counterparty at the outset of the contract?
- Yes [] No [] NA [X]
- 24.08 Does the reporting entity non-admit when the collateral received from the counterparty falls below 100%?
- Yes [] No [] NA [X]
- 24.09 Does the reporting entity or the reporting entity's securities lending agent utilize the Master Securities Lending Agreement (MSLA) to conduct securities lending?
- Yes [] No [] NA [X]
- 24.10 For the reporting entity's security lending program, state the amount of the following as of December 31 of the current year:
- 24.101 Total fair value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
- 24.102 Total book adjusted/carrying value of reinvested collateral assets reported on Schedule DL, Parts 1 and 2 \$.....0
- 24.103 Total payable for securities lending reported on the liability page \$.....0

GENERAL INTERROGATORIES

- 25.1

Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 21.1 and 24.03).

Yes [X] No []
- 25.2

If yes, state the amount thereof at December 31 of the current year:

25.21

Subject to repurchase agreements

\$.....

25.22

Subject to reverse repurchase agreements

\$.....

25.23

Subject to dollar repurchase agreements

\$.....

25.24

Subject to reverse dollar repurchase agreements

\$.....

25.25

Placed under option agreements

\$.....

25.26

Letter stock or securities restricted as to sale – excluding FHLB Capital Stock

\$.....

25.27

FHLB Capital Stock

\$.....

25.28

On deposit with states

\$.....

25.29

On deposit with other regulatory bodies

\$.....1,025,000

25.30

Pledged as collateral – excluding collateral pledged to an FHLB

\$.....

25.31

Pledged as collateral to FHLB – including assets backing funding agreements

\$.....

25.32

Other

\$.....
- 25.3

For category (25.26) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....
.....

- 26.1

Does the reporting entity have any hedging transactions reported on Schedule DB?

Yes [] No [X]
- 26.2

If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? If no, attach a description with this statement.

Yes [] No [] N/A [X]
- 27.1

Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity?

Yes [] No [X]
- 27.2

If yes, state the amount thereof at December 31 of the current year.

\$.....
28.

Excluding items in Schedule E – Part 3 – Special Deposits, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Section 1, III – General Examination Considerations, F. Outsourcing of Critical Functions, Custodial or Safekeeping agreements of the NAIC *Financial Condition Examiners Handbook*?

Yes [X] No []

28.01 For agreements that comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
Comerica Bank.....	Detroit, Michigan.....
.....

28.02 For all agreements that do not comply with the requirements of the NAIC *Financial Condition Examiners Handbook*, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
.....

- 28.03

Have there been any changes, including name changes, in the custodian(s) identified in 28.01 during the current year?

Yes [] No [X]
- 28.04

If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
.....
.....
.....

GENERAL INTERROGATORIES

28.05 Investment management – Identify all investment advisors, investment managers, broker/dealers, including individuals that have the authority to make investment decisions on behalf of the reporting entity. For assets that are managed internally by employees of the reporting entity, note as such. ["...that have access to the investment accounts"; "...handle securities"]

1 Name of Firm or Individual	2 Affiliation
J.P. Morgan Investment Management, Inc.....	U.....
Blackrock Advisors LLC.....	U.....
The Dreyfus Corporation.....	U.....
Goldman Sachs Asset Management LP.....	U.....
Comerica Bank, NA.....	U.....
Comerica Securities, Inc.....	U.....
Robin Damshroeder.....	A.....
Richard Swift.....	I.....
Hendrik Schuur.....	A.....
Kelly English.....	A.....
Derek Kellam.....	A.....
Leslie Hardy.....	A.....
Robert Lawson.....	A.....
Robert Porter.....	A.....
New England Pension Consultants.....	U.....

28.0597 For those firms/individuals listed in the table for Question 28.05, do any firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") manage more than 10% of the reporting entity's assets? Yes [] No [X]

28.0598 For firms/individuals unaffiliated with the reporting entity (i.e., designated with a "U") listed in the table for Question 28.05, does the total assets under management aggregate to more than 50% of the reporting entity's assets? Yes [] No [X]

28.06 For those firms or individuals listed in the table for 28.05 with an affiliation code of "A" (affiliated) or "U" (unaffiliated), provide the information for the table below.

1 Central Registration Depository Number	2 Name of Firm or Individual	3 Legal Entity Identifier (LEI)	4 Registered With	5 Investment Management Agreement (IMA) Filed
107038.....	J.P. Morgan Investment Management, Inc.....	549300Q7485FUJKEMM46.....	SEC.....	NO.....
106614.....	Blackrock Advisors LLC.....	WMEVRQ7LCLEDFWERG149.....	SEC.....	NO.....
105642.....	The Dreyfus Corporation.....	54930067A504FBYASH16.....	SEC.....	NO.....
107738.....	Goldman Sachs Asset Management LP.....	CF5M58QA35CFPUX70H17.....	SEC.....	NO.....
N/A.....	Comerica Bank, NA.....	70WY01D1N53Q4254VH70.....	FDIC.....	NO.....
17079.....	Comerica Securities, Inc.....		SEC.....	NO.....
N/A.....	Robin Damshroeder.....	Not Applicable.....	Not Applicable.....	
N/A.....	Hendrik Schuur.....	Not Applicable.....	Not Applicable.....	
N/A.....	Kelly English.....	Not Applicable.....	Not Applicable.....	
N/A.....	Derek Kellam.....	Not Applicable.....	Not Applicable.....	
N/A.....	Leslie Hardy.....	Not Applicable.....	Not Applicable.....	
N/A.....	Robert Lawson.....	Not Applicable.....	Not Applicable.....	
N/A.....	Robert Porter.....	Not Applicable.....	Not Applicable.....	
N/A.....	New England Pension Consultants.....	Not Applicable.....	Not Applicable.....	

29.1 Does the reporting entity have any diversified mutual funds reported in Schedule D - Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])? Yes [] No [X]

29.2 If yes, complete the following schedule:

1 CUSIP #	2 Name of Mutual Fund	3 Book/Adjusted Carrying Value
.....
.....
.....
29.2999 TOTAL		0

29.3 For each mutual fund listed in the table above, complete the following schedule:

1 Name of Mutual Fund (from above table)	2 Name of Significant Holding of the Mutual Fund	3 Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	4 Date of Valuation
.....
.....
.....

GENERAL INTERROGATORIES

30. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-), or Fair Value over Statement (+)
30.1 Bonds.....	1,025,000	1,025,000	0
30.2 Preferred Stocks.....	0		0
30.3 Totals	1,025,000	1,025,000	0

30.4 Describe the sources or methods utilized in determining the fair values:

31.1 Was the rate used to calculate fair value determined by a broker or custodian for any of the securities in Schedule D? Yes [X] No []

31.2 If the answer to 31.1 is yes, does the reporting entity have a copy of the broker's or custodian's pricing policy (hard copy or electronic copy) for all brokers or custodians used as a pricing source? Yes [X] No []

31.3 If the answer to 31.2 is no, describe the reporting entity's process for determining a reliable pricing source for purposes of disclosure of fair value for Schedule D:

32.1 Have all the filing requirements of the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* been followed? Yes [X] No []

32.2 If no, list exceptions:

GENERAL INTERROGATORIES

33. By self-designating 5GI securities, the reporting entity is certifying the following elements of each self-designated 5GI security:
a.Documentation necessary to permit a full credit analysis of the security does not exist or an NAIC CRP credit rating for an FE or PL security is not available.
b.Issuer or obligor is current on all contracted interest and principal payments.
c.The insurer has an actual expectation of ultimate payment of all contracted interest and principal.
Has the reporting entity self-designated 5GI securities?

Yes [] No [X]
34. By self-designating PLGI securities, the reporting entity is certifying the following elements of each self-designated PLGI security:
a. The security was purchased prior to January 1, 2018.
b. The reporting entity is holding capital commensurate with the NAIC Designation reported for the security.
c. The NAIC Designation was derived from the credit rating assigned by an NAIC CRP in its legal capacity as a NRSRO which is shown on a current private letter rating held by the insurer and available for examination by state insurance regulators.
d. The reporting entity is not permitted to share this credit rating of the PL security with the SVO.
Has the reporting entity self-designated PLGI securities?

Yes [] No [X]

OTHER

- 35.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?

\$
- 35.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
Michigan Association of Health Plans.....	\$.....2,900

- 36.1 Amount of payments for legal expenses, if any?

\$
- 36.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

- 37.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?

\$
- 37.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	\$.....
.....	\$.....
.....	\$.....

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2 If yes, indicate premium earned on U.S. business only.

\$0

1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$

1.31 Reason for excluding

1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above

\$

1.5 Indicate total incurred claims on all Medicare Supplement insurance.

\$0

1.6 Individual policies:

Most current three years:

1.61 Total premium earned

\$0

1.62 Total incurred claims

\$0

1.63 Number of covered lives

.....0

All years prior to most current three years:

1.64 Total premium earned

\$0

1.65 Total incurred claims

\$0

1.66 Number of covered lives

.....0

1.7 Group policies:

Most current three years:

1.71 Total premium earned

\$0

1.72 Total incurred claims

\$0

1.73 Number of covered lives

.....0

All years prior to most current three years:

1.74 Total premium earned

\$0

1.75 Total incurred claims

\$0

1.76 Number of covered lives

.....0

2. Health Test:

		1		2
		Current Year		Prior Year
2.1	Premium Numerator	\$115,644,378	\$	.....115,390,447
2.2	Premium Denominator	\$115,644,378	\$	.....115,390,447
2.3	Premium Ratio (2.1/2.2)	.....1.000		.....1.000
2.4	Reserve Numerator	\$23,989,870	\$	.....24,958,381
2.5	Reserve Denominator	\$23,989,870	\$	.....24,958,381
2.6	Reserve Ratio (2.4/2.5)	.....1.000		.....1.000

3.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2 If yes, give particulars:

4.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No []

5.1 Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2 If no, explain:

5.3 Maximum retained risk (see instructions)

5.31 Comprehensive Medical

\$200,000

5.32 Medical Only

\$

5.33 Medicare Supplement

\$

5.34 Dental and Vision

\$

5.35 Other Limited Benefit Plan

\$

5.36 Other

\$

6. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

7.1 Does the reporting entity set up its claim liability for provider services on a service date basis?

Yes [X] No []

7.2 If no, give details

8. Provide the following information regarding participating providers:

8.1 Number of providers at start of reporting year

.....2,341

8.2 Number of providers at end of reporting year

.....

9.1 Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2 If yes, direct premium earned:

9.21 Business with rate guarantees between 15-36 months

.....

9.22 Business with rate guarantees over 36 months

.....

GENERAL INTERROGATORIES
PART 2 - HEALTH INTERROGATORIES

- 10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contracts?

Yes ☒ No ☐
- 10.2 If yes:

10.21 Maximum amount payable bonuses\$.....52,986

10.22 Amount actually paid for year bonuses\$.....

10.23 Maximum amount payable withholds\$.....2,350,477

10.24 Amount actually paid for year withholds\$.....
- 11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,Yes ☐ No ☒

11.13 An Individual Practice Association (IPA), or,Yes ☐ No ☒

11.14 A Mixed Model (combination of above) ?Yes ☒ No ☐
- 11.2 Is the reporting entity subject to Statutory Minimum Capital and Surplus Requirements?

Yes ☒ No ☐
- 11.3 If yes, show the name of the state requiring such minimum capital and surplus.

Michigan.....
- 11.4 If yes, show the amount required.

\$.....4,347,084
- 11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes ☐ No ☒
- 11.6 If the amount is calculated, show the calculation
12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Shiawassee, Genesee, Lapeer, St. Clair, Tuscola, Sanilac, Huron, Macomb, and Wayne Counties.....
.....
.....
.....
.....

- 13.1 Do you act as a custodian for health savings accounts?

Yes ☐ No ☒
- 13.2 If yes, please provide the amount of custodial funds held as of the reporting date.

\$.....
- 13.3 Do you act as an administrator for health savings accounts?

Yes ☐ No ☒
- 13.4 If yes, please provide the balance of the funds administered as of the reporting date.

\$.....
- 14.1 Are any of the captive affiliates reported on Schedule S, Part 3 as authorized reinsurers?

Yes ☐ No ☐ N/A ☒
- 14.2 If the answer to 14.1 is yes, please provide the following:

1	2	3	4	Assets Supporting Reserve Credit		
				5	6	7
Company Name	NAIC Company Code	Domiciliary Jurisdiction	Reserve Credit	Letters of Credit	Trust Agreements	Other
.....

15. Provide the following for Individual ordinary life insurance* policies (U.S. business Only) for the current year:

15.1 Direct Premium Written (prior to reinsurance ceded)\$.....

15.2 Total incurred claims\$.....

15.3 Number of covered lives.....

*Ordinary Life Insurance Includes
Term (whether full underwriting, limited underwriting, jet issue, "short form app")
Whole Life (whether full underwriting, limited underwriting, jet issue, "short form app")
Variable Life (with or without Secondary Guarantee)
Universal Life (with or without Secondary Guarantee)
Variable Universal Life (with or without Secondary Guarantee)

16. Is the reporting entity licensed or chartered, registered, qualified, eligible or writing business in at least two states?

Yes ☐ No ☐
- 16.1 If no, does the reporting entity assume reinsurance business that covers risks residing in at least one state other than the state of domicile of the reporting entity?

Yes ☐ No ☐

FIVE - YEAR HISTORICAL DATA

	1 2018	2 2017	3 2016	4 2015	5 2014
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 28)	55,701,374	54,824,296	85,429,269	180,625,294	101,372,343
2. Total liabilities (Page 3, Line 24)	34,712,121	28,362,550	61,117,531	123,262,725	61,611,684
3. Statutory minimum capital and surplus requirement	4,347,084	8,207,319	8,635,068	27,409,926	20,533,564
4. Total capital and surplus (Page 3, Line 33)	20,989,254	26,461,746	24,311,738	57,362,569	39,760,659
Income Statement (Page 4)					
5. Total revenues (Line 8)	115,606,830	115,362,532	122,443,352	501,918,633	381,700,201
6. Total medical and hospital expenses (Line 18)	97,823,393	93,103,758	102,780,162	403,770,503	310,505,608
7. Claims adjustment expenses (Line 20)	4,188,205	3,378,126	3,138,286	6,077,398	4,201,271
8. Total administrative expenses (Line 21)	23,001,015	14,510,439	14,685,556	49,048,806	37,430,526
9. Net underwriting gain (loss) (Line 24)	(9,405,784)	2,048,209	1,839,348	43,021,926	29,562,796
10. Net investment gain (loss) (Line 27)	858,094	285,399	931,854	408,409	203,106
11. Total other income (Lines 28 plus 29)	0	0	30,507,300	0	0
12. Net income or (loss) (Line 32)	(5,410,721)	1,772,541	22,990,965	27,483,354	19,130,072
Cash Flow (Page 6)					
13. Net cash from operations (Line 11).....	(12,523,067)	(9,006,284)	(64,072,266)	57,156,301	33,468,231
Risk-Based Capital Analysis					
14. Total adjusted capital.....	20,989,254	26,461,746	24,311,738	57,362,569	39,760,659
15. Authorized control level risk-based capital	4,347,084	4,103,660	4,317,534	13,704,962	10,295,874
Enrollment (Exhibit 1)					
16. Total members at end of period (Column 5, Line 7)	7,900	7,811	8,076	94,119	94,408
17. Total members months (Column 6, Line 7)	92,386	98,573	96,690	1,170,468	1,061,706
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3, and 5) x 100.0					
18. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
19. Total hospital and medical plus other non-health (Lines 18 plus Line 19)	84.6	80.7	83.9	80.3	81.3
20. Cost containment expenses	1.5	1.6	1.5	0.6	0.5
21. Other claims adjustment expenses	2.1	1.4	1.1	0.6	0.6
22. Total underwriting deductions (Line 23)	108.1	98.2	98.5	91.3	92.2
23. Total underwriting gain (loss) (Line 24)	(8.1)	1.8	1.5	8.6	7.7
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
24. Total claims incurred for prior years (Line 13, Col. 5)	17,755,171	19,701,637	77,166,385	40,278,255	36,167,538
25. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	21,058,171	27,946,514	77,031,306	52,363,305	37,902,789
Investments In Parent, Subsidiaries and Affiliates					
26. Affiliated bonds (Sch. D Summary, Line 12, Col. 1)	0	0	0	0	0
27. Affiliated preferred stocks (Sch. D Summary, Line 18, Col. 1)	0	0	0	0	0
28. Affiliated common stocks (Sch. D Summary, Line 24, Col. 1)	0	0	0	0	0
29. Affiliated short-term investments (subtotal included in Sch. DA Verification, Col. 5, Line 10)	0	0	0	0	0
30. Affiliated mortgage loans on real estate	0	0	0	0	0
31. All other affiliated	0	0	0	0	0
32. Total of above Lines 26 to 31.....	0	0	0	0	0
33. Total investment in parent included in Lines 26 to 31 above	0	0	0	0	0

NOTE: If a party to a merger, have the two most recent years of this exhibit been restated due to a merger in compliance with the disclosure requirements of SSAP No. 3 - *Accounting Changes and Correction of Errors*?.....Yes [] No []

If no, please explain

.....

SCHEDULE T - PREMIUMS AND OTHER CONSIDERATIONS

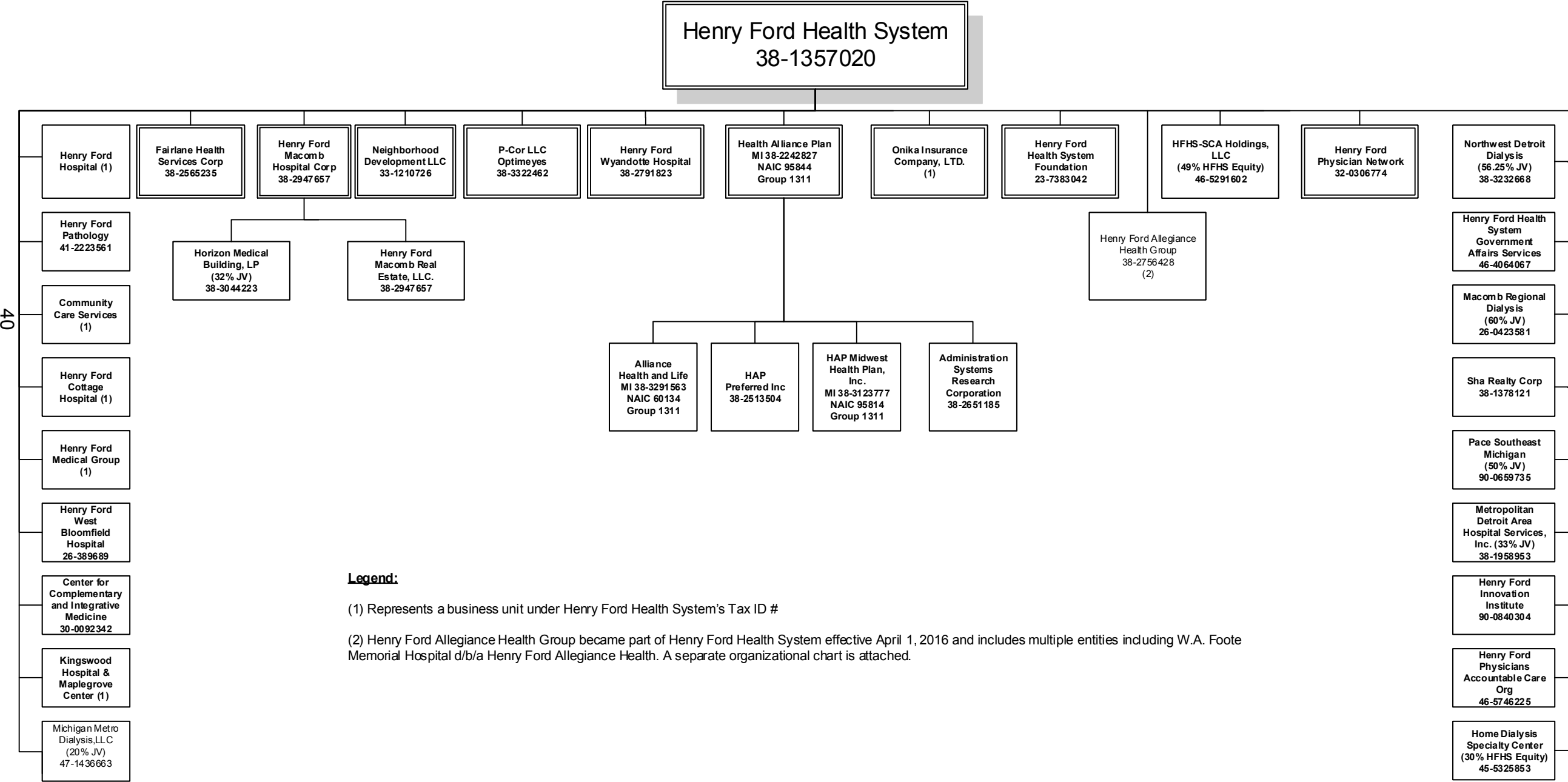
Allocated by States and Territories

			1	Direct Business Only							
				2	3	4	5	6	7	8	9
State, Etc.			Active Status (a)	Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Plan Premiums	Life & Annuity Premiums & Other Considerations	Property/ Casualty Premiums	Total Columns 2 Through 7	Deposit-Type Contracts
1.	Alabama	AL	N							0	0
2.	Alaska	AK	N							0	0
3.	Arizona	AZ	N							0	0
4.	Arkansas	AR	N							0	0
5.	California	CA	N							0	0
6.	Colorado	CO	N							0	0
7.	Connecticut	CT	N							0	0
8.	Delaware	DE	N							0	0
9.	District of Columbia	DC	N							0	0
10.	Florida	FL	N							0	0
11.	Georgia	GA	N							0	0
12.	Hawaii	HI	N							0	0
13.	Idaho	ID	N							0	0
14.	Illinois	IL	N							0	0
15.	Indiana	IN	N							0	0
16.	Iowa	IA	N							0	0
17.	Kansas	KS	N							0	0
18.	Kentucky	KY	N							0	0
19.	Louisiana	LA	N							0	0
20.	Maine	ME	N							0	0
21.	Maryland	MD	N							0	0
22.	Massachusetts	MA	N							0	0
23.	Michigan	MI	L		106,868,625	9,689,134				116,557,759	0
24.	Minnesota	MN	N							0	0
25.	Mississippi	MS	N							0	0
26.	Missouri	MO	N							0	0
27.	Montana	MT	N							0	0
28.	Nebraska	NE	N							0	0
29.	Nevada	NV	N							0	0
30.	New Hampshire	NH	N							0	0
31.	New Jersey	NJ	N							0	0
32.	New Mexico	NM	N							0	0
33.	New York	NY	N							0	0
34.	North Carolina	NC	N							0	0
35.	North Dakota	ND	N							0	0
36.	Ohio	OH	N							0	0
37.	Oklahoma	OK	N							0	0
38.	Oregon	OR	N							0	0
39.	Pennsylvania	PA	N							0	0
40.	Rhode Island	RI	N							0	0
41.	South Carolina	SC	N							0	0
42.	South Dakota	SD	N							0	0
43.	Tennessee	TN	N							0	0
44.	Texas	TX	N							0	0
45.	Utah	UT	N							0	0
46.	Vermont	VT	N							0	0
47.	Virginia	VA	N							0	0
48.	Washington	WA	N							0	0
49.	West Virginia	WV	N							0	0
50.	Wisconsin	WI	N							0	0
51.	Wyoming	WY	N							0	0
52.	American Samoa	AS	N							0	0
53.	Guam	GU	N							0	0
54.	Puerto Rico	PR	N							0	0
55.	U.S. Virgin Islands	VI	N							0	0
56.	Northern Mariana Islands	MP	N							0	0
57.	Canada	CAN	N							0	0
58.	Aggregate other alien	OT	XXX	0	0	0	0	0	0	0	0
59.	Subtotal		XXX	0	106,868,625	9,689,134	0	0	0	116,557,759	0
60.	Reporting entity contributions for Employee Benefit Plans		XXX							0	
61.	Total (Direct Business)		XXX	0	106,868,625	9,689,134	0	0	0	116,557,759	0
DETAILS OF WRITE-INS											
58001.			XXX								
58002.			XXX								
58003.			XXX								
58998.	Summary of remaining write-ins for Line 58 from overflow page		XXX	0	0	0	0	0	0	0	0
58999.	Totals (Lines 58001 through 58003 plus 58998) (Line 58 above)		XXX	0	0	0	0	0	0	0	0

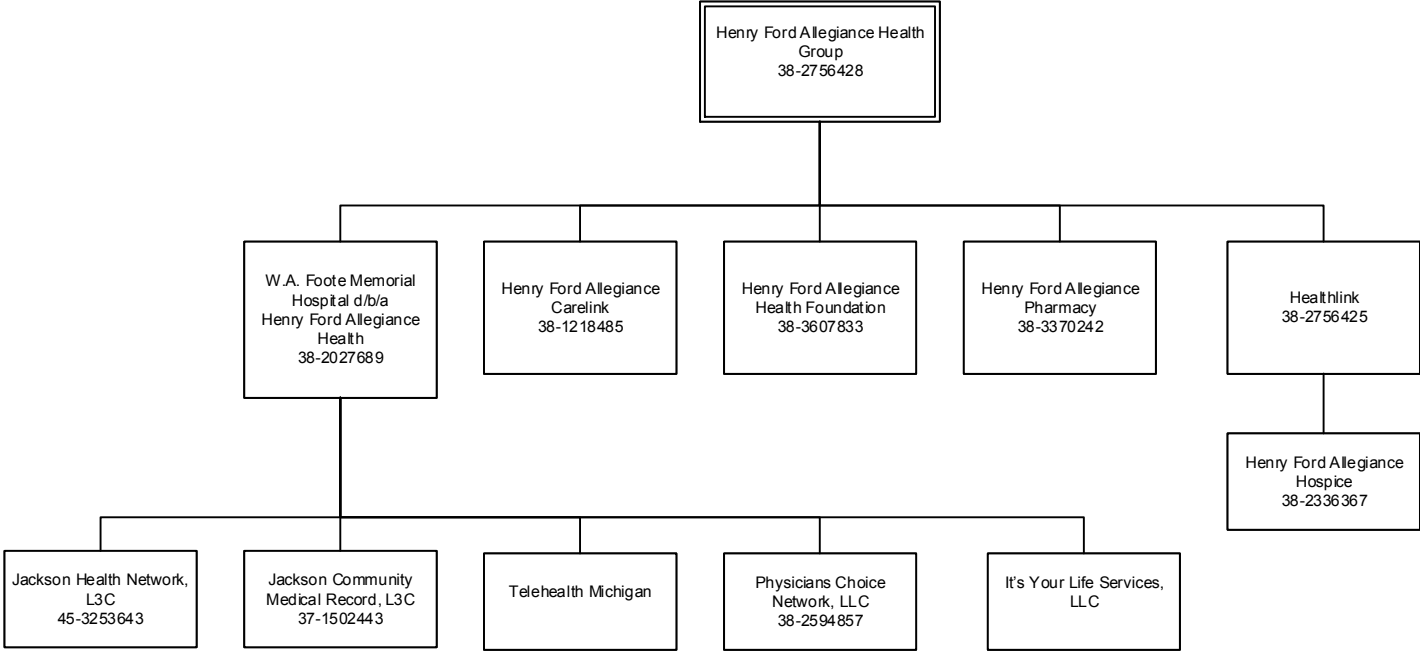
(a) Active Status Counts
L – Licensed or Chartered – Licensed insurance carrier or domiciled RRG 1 R – Registered – Non-domiciled RRGs 0
E – Eligible – Reporting entities eligible or approved to write surplus lines in the state 0 Q – Qualified – Qualified or accredited reinsurer 0
N – None of the above – Not allowed to write business in the state lines in the state 56

(b) Explanation of basis of allocation of premiums by states, etc.

STATEMENT AS OF DECEMBER 31, 2018 OF THE HAP Midwest Health Plan, Inc.
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



STATEMENT AS OF DECEMBER 31, 2018 OF THE HAP Midwest Health Plan, Inc.
SCHEDULE Y – INFORMATION CONCERNING ACTIVITIES OF INSURER MEMBERS OF A HOLDING COMPANY GROUP
PART 1 – ORGANIZATIONAL CHART



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